EARLE E. MORRIS, JR.
Comptroller General

STATE OF SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30,

1 9 8 9

Prepared by the Comptroller General's Office

COMPTROLLER'S MESSAGE. . .

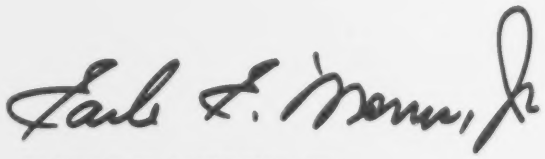
FOR BETTER, NOT WORSE

Last year, for the first time in 188 years, the State of South Carolina received a "clean" audit opinion on its statewide financial statements. This year's report also includes a "clean" opinion from the auditors.

For the first time ever, the State of South Carolina has received the prestigious Certificate of Achievement for Excellence in Financial Reporting. We have become the thirteenth state to earn the governmental state-of-the-art "Oscar." This, in my opinion, assures that the State will continue to receive its triple A credit ratings.

When I became Comptroller General, I said that my office and staff (and they deserve the credit) intended to develop a new statewide accounting and financial reporting system. Some asked, "Why do we need a new accounting system? We've been doing it this way for a hundred years."

For the taxpayers and bond raters of South Carolina, we will be doing it right for the next hundred years -- for better, not worse!



EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

THE LINK BETWEEN EDUCATION AND PROSPERITY

For almost as long as there has been a South Carolina, higher education has been an important part of its daily life.

In the pre-Revolutionary War days, classical academies sprang up around the State, and before the new nation was a quarter-century old, three colleges had been chartered by the General Assembly, and the State's first public institution had been established.

Since that time, higher education has been a barometer of the State's fortunes and ambitions. Traditional institutions which bear the imprint of the State's social, political and religious history today blend with broad, comprehensive universities which herald its future.

More than eighty percent of South Carolina's college students attend publicly-supported institutions, and the State's oldest public college (University of South Carolina, 1801) is also its largest (37,000 students on nine campuses). Clemson University (14,000 students) celebrates its 100th birthday in 1989. The Medical University of South Carolina at Charleston (2,435 students) traces its history back to 1823. Six four-year senior institutions serve more than 27,000 students in each geographic area of the State.

More than 34,500 South Carolinians attend a statewide network of sixteen technical colleges, organized as part of the State's post-war economic development effort, and research parks have been established to promote technological advancements for the State at the University of South Carolina, Clemson, and the Medical University of South Carolina at Charleston.

The State spends over $500 million a year on its public higher education institutions, in stark contrast to the $70.3 million it spent on colleges and universities only twenty years ago. Its recently-enacted "Cutting Edge" initiatives represent a substantial additional investment to enable institutions to improve their research and academic programs, and to attract outstanding scholars and faculty to the State.

For all the advancement and growth in the State's public institutions, however, South Carolina retains a special place for its traditional private colleges. As recently as twenty-five years ago, half the State's college students attended private institutions, and today thirty-one four-year and two-year private colleges serve more than 25,000 students.

Maintaining higher education diversity is a cornerstone of South Carolina's policy, and over $18.2 million of public dollars ($17.4 million of which comes from the State) provide grants for South Carolina students to attend its private colleges.

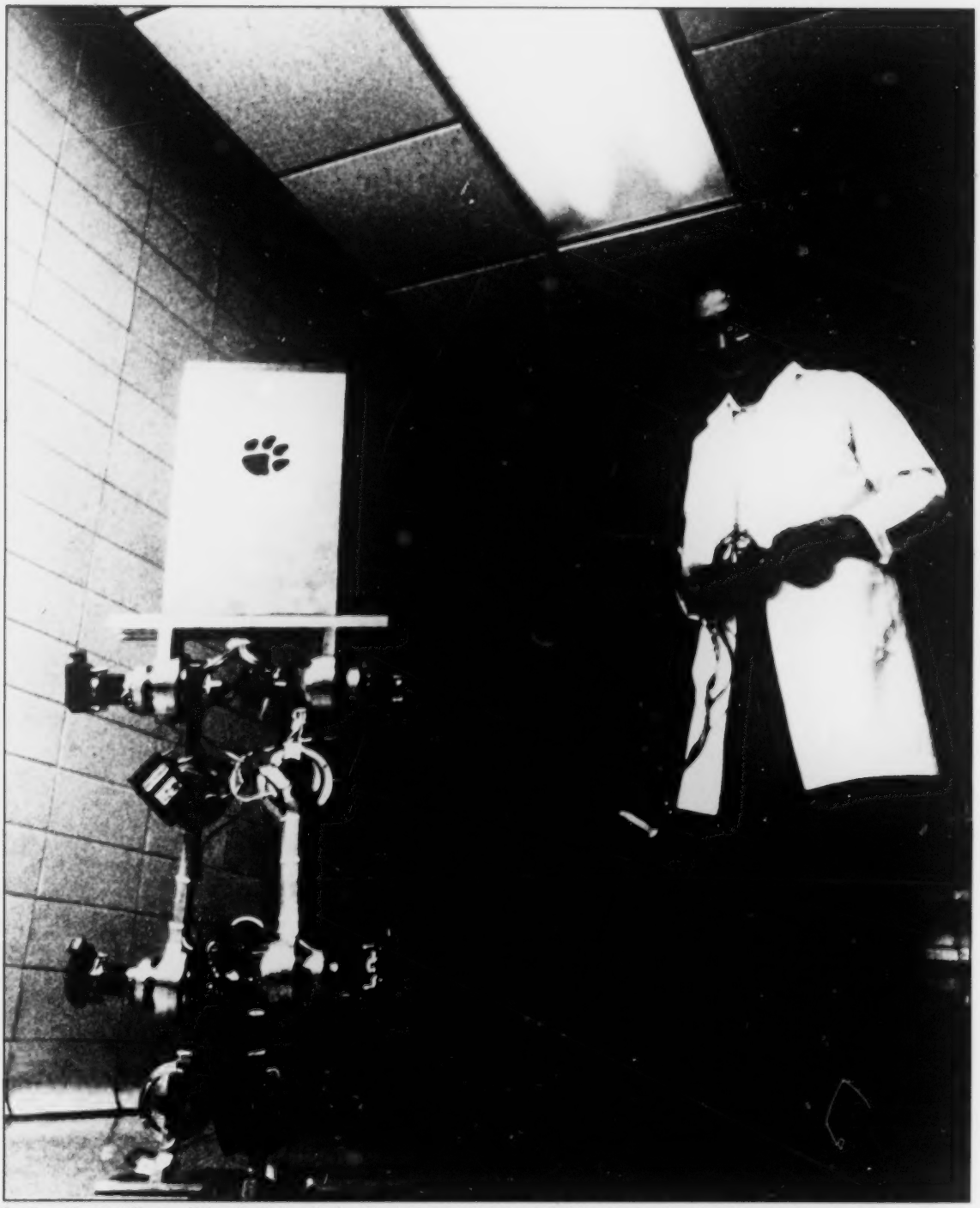
This year 7,700 private college students in South Carolina are receiving State tuition grants averaging $2,567 each, a major factor in helping the State's private institutions cope with the rapidly rising cost of higher education.

The reward for the State comes not only in the promise of the future for its students, but also in the recognition of excellence among its institutions. This year, for example, three private institutions (Wofford, Converse and Presbyterian) and two public colleges (The Citadel and The College of Charleston) were cited in a national survey of U. S. News and World Report.

South Carolina's colleges and universities provide a cultural link to its past and a dynamic prospect for its future. That prospect, however, is no greater than the State's ability to mobilize fully its present and future generations. To that end, South Carolina has moved effectively in recent years to make its system equitable and accessible to everyone, and has achieved measurable improvement in its desegregation programs. The State's continuing commitment is reflected in its "Access and Equity Plan for Public Institutions of Higher Education," focusing priority attention on all aspects of public institutions' operations.

The pages of this report tell the story of the financial condition of State government in South Carolina. They also tell the story of South Carolina's colleges and universities and their role in the State's day-to-day life. The message is a clear one: the well-being of the State of South Carolina is directly tied to the success of its higher education institutions.

As the State proceeds into its fourth century, it reaffirms the message of its first three centuries: that educational excellence and economic progress are inextricably bound together.



Dr. Yuan Zheng of Clemson University displays the first bipedal robot built in the United States, a two-legged walking robot developed on the Clemson campus for handling material in apparel manufacturing. As it celebrates its 100th anniversary, Clemson has been a prominent source of research and academic support for the State's post-war economic growth.

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Introductory Section

The McNair Science Building, named after former Governor Robert E. McNair (1965-1971), provides Francis Marion College with state-of-the-art equipment for undergraduate instruction in the physical sciences.

STATE OF SOUTH CAROLINA
Office of Comptroller General

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COMPTROLLER GENERAL

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December 22, 1989

To the Citizens, Governor, and Members of the South Carolina General Assembly

INTRODUCTION

South Carolina's Comprehensive Annual Financial Report is divided into three sections--Introductory, Financial and Statistical. The Introductory Section consists of this letter of transmittal, the Certificate of Achievement for Excellence in Financial Reporting for our June 30, 1988 report, a list of State officials, and an organization chart. The Financial Section consists of the general purpose financial statements (combined statements and notes), combining financial statements, and schedules. The Statistical Section presents non-financial and comparative financial data.

These financial statements are representations of the South Carolina Comptroller General. The information in this report is accurate in all material respects. Furthermore, the report describes all material facts related to the State's financial affairs.

The State General Assembly and the Budget and Control Board exercise oversight authority over all accounting funds and entities included in this report. The Budget and Control Board consists of the Governor, the Comptroller General, the State Treasurer, the Chairman of the Senate Finance Committee and the Chairman of the House Ways and Means Committee. The most important element of oversight autnority is financial interdependency. Other elements of oversight authority include:

- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

Accordingly, all activities which would generally be considered part of the State of South Carolina are included in this report.

ECONOMIC CONDITION AND OUTLOOK

During the fiscal year ended June 30, 1989, South Carolina's economy maintained a favorable, if delicate, balance. There was only scant evidence that the State's economy was being influenced by the slowing of the nation's economy. A healthy increase in total nonagricultural employment and a decrease in the State's unemployment rate to 4.3% from a 4.8% average level during the preceding fiscal year contributed to robust growth of the State's Individual Income Tax. The State's unemployment rate generally remained below the national average during the fiscal year ended June 30, 1989.

On September 21, 1989, Hurricane Hugo struck the South Carolina coast and continued inland. Because this hurricane was one of the most destructive forces to ever hit the American coastline, its effects will undoubtedly influence the State's economic outlook for 1990. Current estimates indicate that the hurricane will have generally offsetting effects on the State's future tax revenues. While State sales tax revenues from tourism are expected to decline during 1990, State sales tax revenues from construction and recovery activities are expected to increase. The State also expects that the additional income generated by construction activities will increase State income tax revenues. While the overall effect on State tax revenues has not been precisely determined, studies indicate that the net effect could range from a decrease of $22 million to an increase of $5 million through December 1990.

MAJOR INITIATIVES

Conversion to Generally Accepted Accounting Principles

For several years South Carolina's Appropriation Act has required the Comptroller General to work toward issuing Statewide financial statements that conform with Generally Accepted Accounting Principles (GAAP). This report reflects achievement of that goal. In 1984, the Comptroller General's Office initiated a GAAP conversion project. A conversion plan, together with appropriate State agency training, was implemented during 1985 through 1987.

The State's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 1988, was the first to be fully in compliance with GAAP. In that year, the State's CAFR included an audit opinion for the first time. The State's CAFR for that year also was awarded the prestigious Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA).

Revision of the State's Budgeting Process

Two years ago, a pilot program was initiated to find an alternative approach to the current budgeting process. Currently, the State maintains budgetary control for expenditures at the level of major object class within each program of each organizational unit. The new recommended budgeting format has as its objectives:

- Condensing and simplifying much of the line-item expenditure detail in the present budget document
- Establishing statutorily authorized programs as the basis of agency budgets
- Requiring definitions of missions and objectives for each program
- Providing performance indicators by which effectiveness and cost of agency services may be identified and measured

The 1987-88 Appropriation Act required this project to be completed in 1989-90. The 1988-89 Appropriation Act extended the completion date to 1990-91.

FINANCIAL CONTROLS

Accounting Internal Controls

The Statewide Accounting and Reporting System (STARS) is the State's budgetary-basis operating accounting system. This double-entry system, installed in 1982, processes cash and budgetary transactions, and maintains records for all budgeted funds and some unbudgeted funds. The State's higher education institutions and most of the enterprise entities maintain separate accrual-basis accounting systems.

An automated GAAP reporting system in the Comptroller General's Office converts budgetary-basis STARS data into the format presented in this report. State agencies which use STARS complete forms at year-end to adjust the budgetary-basis balances to conform with GAAP. The Comptroller General's Office enters data from these forms as well as from audited financial statements for the higher education institutions and most State enterprises into the GAAP reporting system.

The State's internal accounting controls provide reasonable, but not necessarily absolute, assurance regarding:

- The safeguarding of assets against loss from unauthorized use or disposal
- The reliability of financial records for preparing financial statements and maintaining accountability for assets

The concept of reasonable assurance recognizes that the cost of a control should not exceed the resulting benefits.

Budgetary Controls

South Carolina's annual Appropriation Act includes legally adopted budgets for the Budgetary General Fund and for aggregated Other Budgeted Funds. The State estimates revenues on a cash receipts basis. Appropriations for 1988-89 cover all expenditures deemed applicable to that year and paid on or before July 21, 1989. Unexpended Budgetary General Fund appropriations lapse unless the Appropriation Act specifically authorizes agencies to carry them forward to the next fiscal year.

State law does not require encumbrance accounting. Accordingly, the State does not record encumbrances (except for some higher education institutions). The State currently maintains budgetary control for expenditures at the level of major object class within each program of each organizational unit. Except for accounts of higher education institutions and the Department of Highways and Public Transportation, STARS checks to be sure that an account has sufficient remaining appropriations before it will charge an expenditure to that account. Organizational units may request transfers of appropriations among major object classes and/or among programs within the same budgetary fund. The Budget and Control Board has authority to approve these appropriation transfers.

The initial budget appears in the annual Appropriation Act. The Budget and Control Board reduces the Budgetary General Fund's appropriations during the year if it anticipates a year-end operating deficit. Likewise, the Budget and Control Board may revise estimated revenues of the Budgetary General Fund during the year, if necessary. This was the second consecutive year that major mid-year appropriation reductions were unnecessary.

During 1989, the General Assembly passed a Supplemental Appropriation Act that increased appropriations of the Budgetary General Fund by $142.7 million. This total included unconditional appropriations of $15.1 million made available for expenditure during 1988-89. The remaining $127.6 million were to be made available in August 1989, subject to the availability of sufficient funds (on the budgetary basis of accounting). Sufficient funds were available to fund a total of $68.7 million of planned items (i.e., the $15.1 million unconditional appropriations plus $53.6 million of other items).

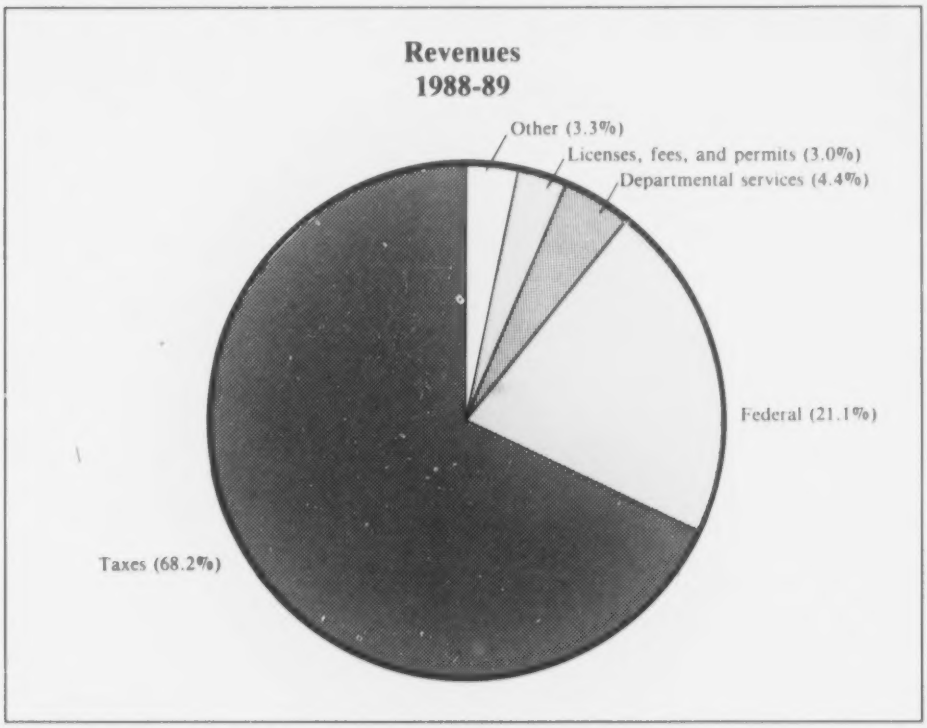
State law specifies procedures for processing requested budget changes in Other Budgeted Funds and for permanent improvement projects.

GENERAL GOVERNMENTAL FUNCTIONS

Revenues

The State's most significant sources of revenue are its 5% retail sales tax, its individual income tax (3% to 7% tax rates), and Federal grants. The following schedule presents a summary of General Fund and Special Revenue Funds revenues for the fiscal year ended June 30, 1989 (expressed in thousands) and the amounts (expressed in thousands) and percentages of increases in relation to prior year revenues:

Revenues	1988-89 Amount	Percent of Total	Increase from 1987-88	Percent of Increase
Taxes	$3,508,827	68.22%	$196,284	5.93%
Federal	1,085,824	21.11%	57,609	5.60%
Departmental services	225,999	4.39%	19,973	9.69%
Licenses, fees, and permits	155,232	3.02%	17,374	12.60%
Interest and other investment income	75,535	1.47%	7,949	11.76%
Contributions	11,483	0.22%	4,187	57.39%
Other	80,721	1.57%	20,295	33.59%
Totals	**$5,143,621**	**100%**	**$323,671**	



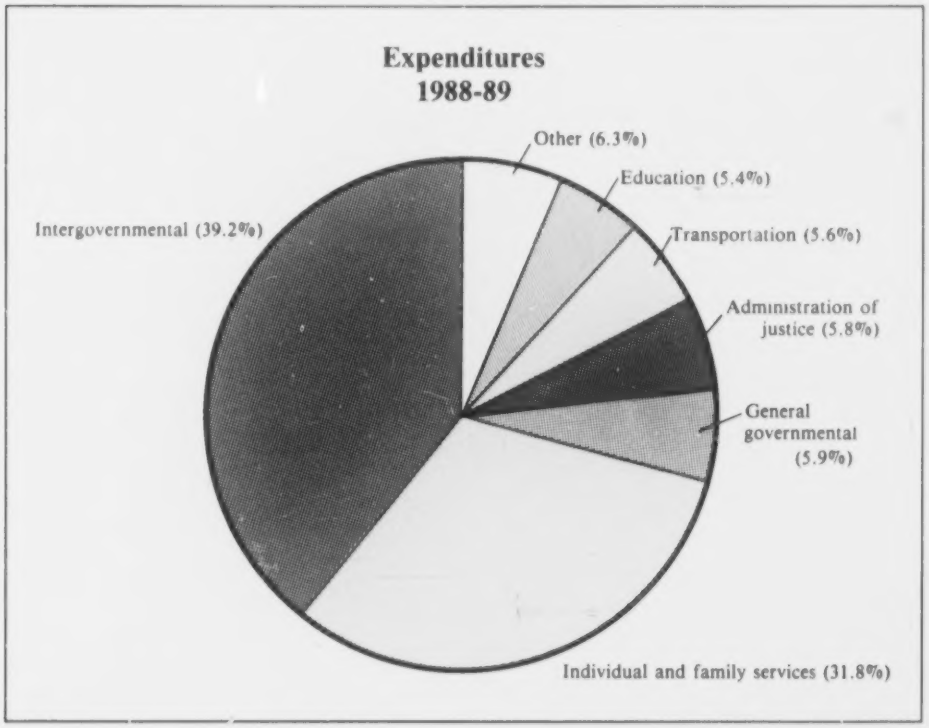
The increase in Contributions can be attributed partially to a one-time contribution from a private development company for economic development in an underdeveloped area of the State. In addition, the State received a substantial contribution for the Women, Infants, and Children (WIC) Program from a private laboratory.

The increase in Other revenue is primarily due to an increase in the collection of cost report settlements from Medicaid providers. Unclaimed property receipts also increased during the year.

Expenditures

The following schedule presents a summary of General Fund and Special Revenue Funds expenditures for the fiscal year ended June 30, 1989, (expressed in thousands) and the amounts (expressed in thousands) and percentages of increases in relation to prior year expenditures:

Expenditures	1988-89 Amount	Percent of Total	Increase from 1987-88	Percent of Increase
Current:				
General governmental	$ 261,929	5.88%	$ 29,686	12.78%
Education	240,491	5.40%	16,868	7.54%
Individual and family services	1,417,641	31.82%	100,813	7.66%
Administration of justice	256,358	5.75%	39,233	18.07%
Resources and economic development	113,672	2.55%	12,631	12.50%
Transportation	249,285	5.59%	58,940	30.96%
Miscellaneous	70	0.00%	20	40.00%
Capital outlay	38,634	0.87%	9,382	32.07%
Debt service:				
Principal retirement	84,680	1.90%	7,159	9.23%
Interest and fiscal charges	46,077	1.03%	1,393	3.12%
Intergovernmental	1,746,987	39.21%	105,048	6.40%
Totals	$4,455,824	100%	$381,173	



The increase in Transportation expenditures was due to the fact that expenditures for the Department of Highways and Public Transportation's Extraordinary Maintenance Program were reported in the Capital Projects Fund in prior years but in the Special Revenue Funds beginning this year. The increase in Capital Outlay expenditures resulted from an unusually large number of Department of Highways and Public Transportation purchase orders outstanding at the end of last fiscal year.

Administration of Justice expenditures increased due to the opening of two new prisons and to the first full year of operations for a third prison. The increase in Miscellaneous expenditures resulted from increased State contributions to local government cultural projects.

Status of Fund Balances

GAAP-basis fund balances for the General Fund and Special Revenue Funds at June 30 (expressed in thousands) for the last three years were:

	1989	1988	1987
General Fund			
Reserved	$ 193,089	$180,694	$117,595
Unreserved	(130,218)	(62,238)	(99,775)
Total General Fund	**$ 62,871**	**$118,456**	**$ 17,820**
Special Revenue Funds			
Reserved	$ 36,242	$ 32,499	$ 19,223
Unreserved, designated	126,469	93,010	60,556
Unreserved, undesignated	279,192	278,955	332,940
Total Special Revenue Funds	**$ 441,903**	**$ 404,464**	**$ 412,719**

The reserved component of fund balance represents amounts legally required to be segregated and amounts that cannot be appropriated for future expenditure. The unreserved component of fund balance is computed as total fund balance less reserved amounts. For all three years, the total fund balance in the General Fund was positive. The unreserved component of fund balance, however, was negative because the reserve requirements exceeded total fund balance.

The designated portion of unreserved fund balance reflects tentative plans for future use of available financial resources.

PROPRIETARY OPERATIONS

The Public Service Authority (Santee-Cooper) is South Carolina's State-owned public power resource. The Public Service Authority (Santee-Cooper) produces and sells electric power to individuals, businesses, electric cooperatives, and municipal power departments. The Public Service Authority (Santee-Cooper) made payments to the State's General Fund of $5.2 million during the year ended June 30, 1989. The distribution to the General Fund is based primarily on operating cash flows and mandatory reserve requirements.

There are several other significant proprietary segments of South Carolina's State government. The Ports Authority develops and maintains State harbors and seaports and handles the commerce through these ports. The State Housing Finance and Development Authority provides low-cost housing to the State's citizens by issuing bonds/notes and by administering Federal contracts and grants. The Education Assistance Authority makes loans to eligible students. The Research Authority develops/markets a system of research parks and develops/manages several research and development contracts.

The Public Service Authority (Santee-Cooper) and other major Proprietary Funds of South Carolina are presented below with highlights of segment financial information (expressed in thousands) for the fiscal year ended June 30, 1989.

	Public Service Authority (Santee-Cooper)	Housing Authority	Ports Authority	Education Assistance Authority	Research Authority
Operating revenues	$ 546,039	$ 69,445	$ 43,959	$ 9,626	$21,018
Net income (loss)	46,416	9,465	8,786	4,472	(3,378)
Net working capital	31,734	(34,860)	8,133	34,099	2,547
Total assets	2,714,204	741,841	226,050	179,089	25,336
Total fund equity	509,017	76,816	193,632	35,465	12,956

FIDUCIARY OPERATIONS

The largest of the State's Fiduciary Funds are its four retirement systems: The South Carolina Retirement System, the Police Officers' Retirement System, the Retirement System for Members of the General Assembly, and the Retirement System for Judges and Solicitors. The systems are funded in accordance with actuarially established contribution rates. Some key actuarial amounts for the systems (expressed in thousands) at July 1, 1988 (latest available data), were:

	South Carolina Retirement System	Police Officers' Retirement System	General Assembly Retirement System	Judges' and Solicitors' Retirement System
Pension benefit obligation	$7,377,800	$540,600	$22,000	$51,400
Net assets available for benefits, at cost	5,413,700	475,000	17,400	23,800
Unfunded pension benefit obligation	**$1,964,100**	**$ 65,600**	**$ 4,600**	**$27,600**

DEBT ADMINISTRATION

The State finances many of its major capital needs by issuing bonds. Some of this debt is general obligation debt backed by the full faith, credit, and taxing power of the State. Much of the debt, however, is revenue bonds and notes associated with specific State component units. Specific revenue flows of particular component units service revenue debt.

Moody's Investors Service has rated South Carolina's general obligation bonds as "Aaa", and Standard & Poor's rates this debt as "AAA", both representing the highest ratings awarded. South Carolina is one of only a few states holding these highest ratings. During the fiscal year ended June 30, 1989, South Carolina issued $85.0 million in general obligation bonds and notes payable by governmental funds and retired $55.1 million. The State budgets and pays principal and interest on general obligation bonds from current resources of the Budgetary General Fund.

The State's available legal debt margin at June 30, 1989, was $150.0 million for highway bonds and $34.1 million for institution bonds. Rather than directly limiting the amount of outstanding debt, State law imposes a limitation on annual debt service expenditures. The available

legal annual debt service margin at June 30, 1989, for other general obligation bonds/notes, excluding tax and bond anticipation notes, and excluding general long-term obligations other than bonded debt, was $47.3 million.

Net general obligation bonds/notes outstanding per capita is a useful indicator to citizens, investors, and management of the State's debt position. At June 30, 1989:

Net general obligation bonds/notes outstanding	$683 million
Net general obligation bonds/notes outstanding per capita	$191

The State's higher education institutions and enterprise entities had revenue bonds and notes of approximately $2.9 billion outstanding on June 30, 1989. Bonds and notes outstanding (expressed in millions) by component unit were:

South Carolina Public Service Authority (Santee-Cooper)	$1,943
South Carolina Housing Authority	635
Various higher education institutions	171
Other State component units	193
Total	**$2,942**

During fiscal year 1988-89, the Public Service Authority (Santee-Cooper), an agency reported in the Enterprise Funds, refunded $172 million of its bonds to reduce its total debt service payments over the next 36 years by approximately $28 million and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately $10 million.

CASH MANAGEMENT

State law requires full collateralization of all State Treasurer bank balances; however, the law allows the State Treasurer seven days to correct any uncollateralized deposits that occur. Component units may have collateralization policies that differ from those of the State Treasurer.

Legally authorized investments vary by fund, but generally include obligations of the United States and certain agencies of the United States, obligations of the State of South Carolina and certain of its political subdivisions, certificates of deposit, collateralized repurchase agreements, and certain obligations of United States corporations.

As provided by law, the State Treasurer deposits money in a general deposit account if the Budget and Control Board so decides. The State records earnings of the general deposit account as revenue of the General Fund. The Treasurer deposits other monies into various special deposit accounts, each of which retains its own earnings. The Treasurer invests excess cash of the general deposit account and the various special deposit accounts.

State agencies which issue their own checks participate in pooled bank accounts. These agencies issue checks against the pooled bank account. Meanwhile, the bank invests account balances until the checks clear.

Investment earnings for the General Fund totaled $64.5 million for the fiscal year ended June 30, 1989.

RISK MANAGEMENT

The State itself (rather than an insurance carrier) assumes substantially all risks associated with:

- Claims of State employees for unemployment compensation benefits
- Claims of covered employees for workers' compensation and Second Injury Fund benefits
- Claims of covered public employees for health insurance, dental insurance, and group life insurance benefits (insurance carriers, however, provide claims administration services)
- Patients' Compensation Fund benefits in covered medical malpractice cases

In addition, the State maintains an Insurance Reserve Fund to cover risks associated with:

- Real property including public buildings, local public schools, and their contents
- Motor vehicles, school buses, and aircraft
- General tort claims that parties may file against the State or its political subdivisions
- Medical malpractice claims that parties may file against covered hospitals

The Insurance Reserve Fund purchases insurance coverage for a portion of these risks.

The State conducts various risk control programs to help minimize losses. For example, the health insurance program conducts extensive wellness education programs for covered employees that promote development and maintenance of healthful lifestyles.

AUDIT

An independent audit was performed jointly by the State Auditor and the independent certified public accounting firm of Peat Marwick Main & Co. For the second consecutive year, this report includes an unqualified report of the independent certified public accountants, the best possible result of the audit process.

The audit described above is not intended to meet the requirements of the Federal Single Audit Act of 1984. Instead, the State Auditor's Office audits individual State agencies receiving Federal aid to meet these Federal requirements.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of South Carolina for its comprehensive

annual financial report (CAFR) for the fiscal year ended June 30, 1988. The State of South Carolina was the thirteenth state to receive the Certificate of Achievement. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

Again this year, the State will submit its CAFR to the Certificate of Achievement for Excellence in Financial Reporting program of the GFOA. I firmly believe that South Carolina's report for the fiscal year ended June 30, 1989, meets the requirements to receive the Certificate of Achievement.

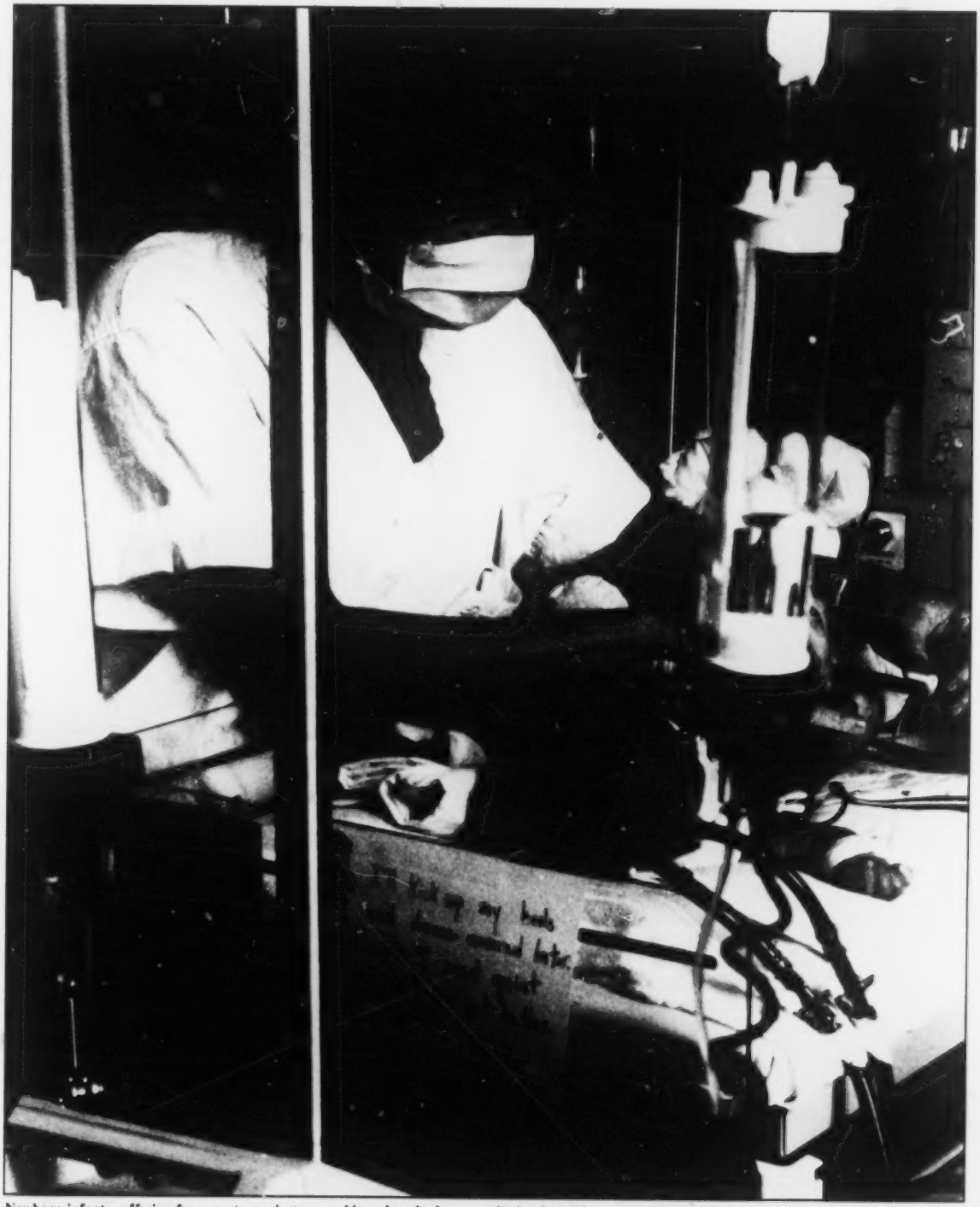
ACKNOWLEDGMENTS

Production of this report would not have been possible without the support of all State agencies which supplied GAAP closing data on a timely basis. As we strive to produce this report in future years and to improve its quality and content, continued support of the State agencies is essential.

Special thanks are due to the South Carolina Commission on Higher Education, the State Board for Technical and Comprehensive Education, and the South Carolina Council of Independent Colleges for providing the photographs in this report. We also thank Philip G. Grose, Jr., who provided invaluable assistance in producing the report.

Sincerely,

EARLE E. MORRIS, JR.
Comptroller General



Newborn infants suffering from acute respiratory problems largely due to underdeveloped lungs may now be treated at the Medical University of South Carolina by a new system which works like bypass equipment and permits healing and development of the infant's lungs, usually within ten days.

CERTIFICATE
OF ACHIEVEMENT

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of South Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1988

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President

Executive Director

Principal State Officials

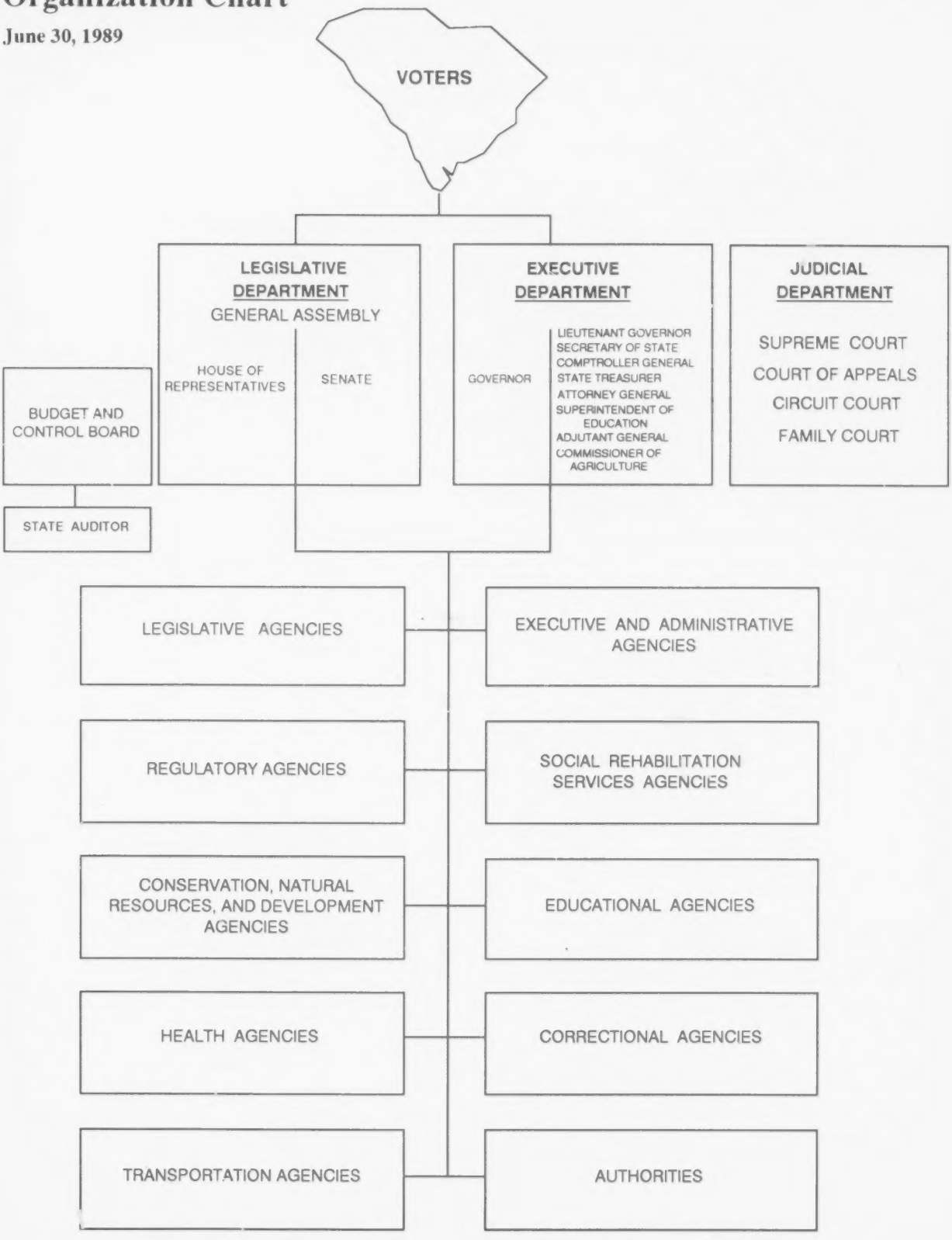
June 30, 1989

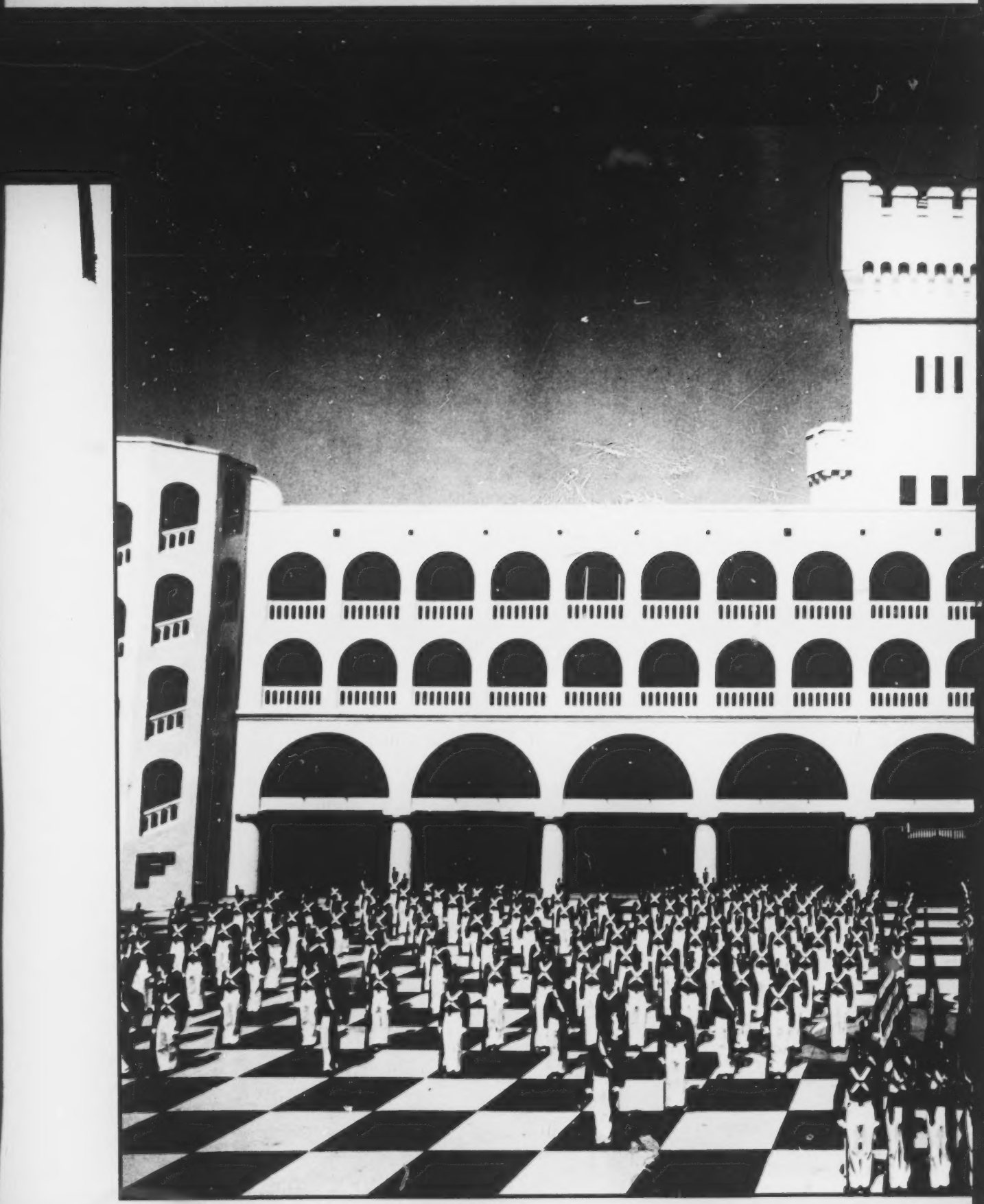
	Current Term of Office
LEGISLATIVE — THE GENERAL ASSEMBLY	
Nick A. Theodore, President of the Senate and Lieutenant Governor	1987-1991
Robert J. Sheheen, Speaker, House of Representatives	1989-1990
EXECUTIVE	
STATE BUDGET AND CONTROL BOARD	
Carroll A. Campbell, Jr., Chairman, Governor	1987-1991
Earle E. Morris, Jr., Comptroller General	1987-1991
Grady L. Patterson, Jr., State Treasurer	1987-1991
James M. Waddell, Jr., Chairman, Senate Finance Committee	1989-1992
Robert N. McLellan, Chairman, House Ways and Means Committee	1989-1990
John T. Campbell, Secretary of State	1987-1991
T. Travis Medlock, Attorney General	1987-1991
Dr. Charlie G. Williams, State Superintendent of Education	1987-1991
Major General T. Eston Marchant, Adjutant General	1987-1991
D. Leslie Tindal, Commissioner of Agriculture	1987-1991
JUDICIAL	
George T. Gregory, Jr., Chief Justice, South Carolina Supreme Court	1988-1994

All of the legislative and executive officials are elected by the State's citizens in general elections. Members of the Supreme Court are elected by the General Assembly.

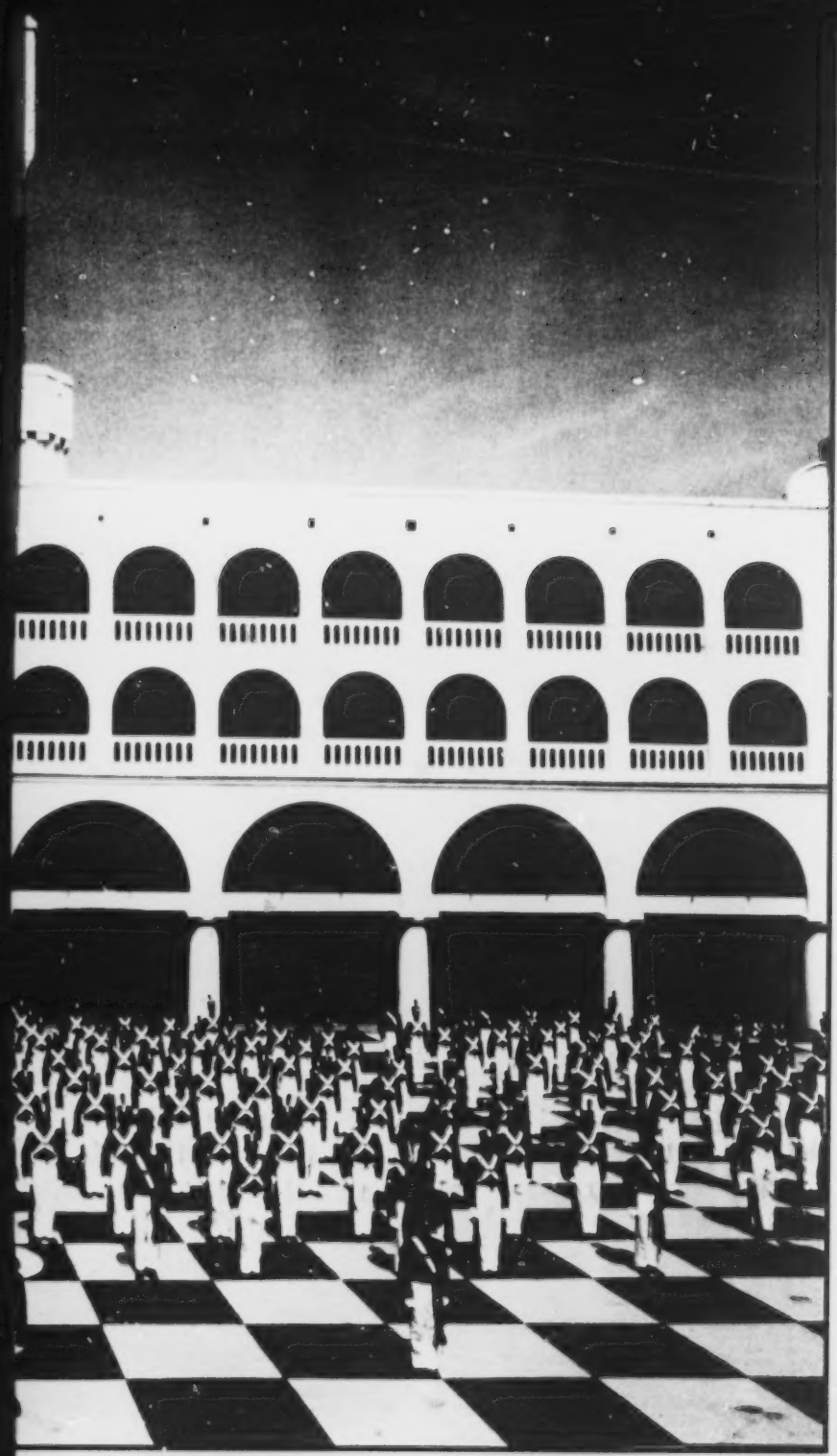
Organization Chart

June 30, 1989





Financial Section



The Corps of Cadets at The Citadel is known throughout the world for its excellence, and more than 3,500 students attend the historic Military College of South Carolina at Charleston. The State-supported institution traces its history back to 1842.

INDEPENDENT AUDITORS' REPORT

KPMG Peat Marwick
Certified Public Accountants

State of South Carolina

Office of the State Auditor

The Honorable Carroll A. Campbell, Jr., Governor
and Members of the General Assembly
State of South Carolina
Columbia, South Carolina

We have jointly audited the general purpose financial statements of the State of South Carolina as of and for the year ended June 30, 1989, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the State's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not jointly audit the financial statements of certain component units and agencies, which statements reflect the indicated percent of total assets and total revenues, respectively, of the Special Revenue (42% and 22%), Capital Projects (34% and 94%), Enterprise (99% and 98%), Internal Service (6% and 58%), Pension Trust (100% and 100%), Higher Education (100% and 100%), and Agency (37% of assets) Funds, and General Fixed Assets Account Group (16% of assets). Those financial statements were audited by other auditors, including Peat Marwick Main & Co. acting separately, whose reports have been furnished to us,and our opinion, insofar as it relates to the amounts included for those component units and agencies is based solely upon the reports of other auditors. Peat Marwick Main & Co. acting separately has examined 18% and 21% of the total assets and total revenues, respectively, of the Higher Education Funds.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of South Carolina at June 30, 1989, and the results of its operations and the changes in financial position of its proprietary and similar trust fund types for the year then ended in conformity with generally accepted accounting principles.

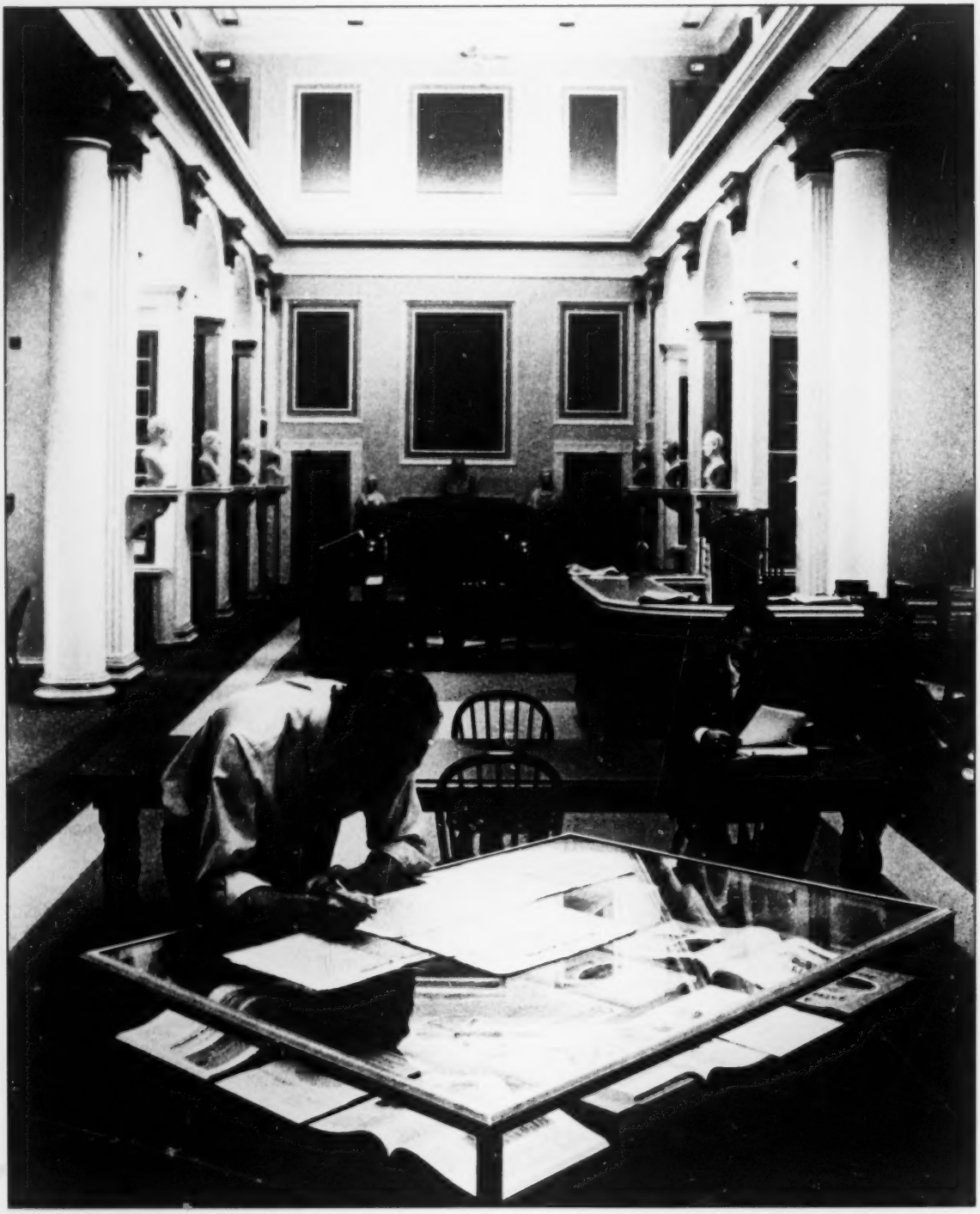
Our joint audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining financial statements and schedules listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of South Carolina. Such information has been subjected to the auditing procedures applied in the joint audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Peat Marwick Main & Co.

Greenville, South Carolina
December 1, 1989

Elgin A. Vaughan Jr.

Columbia, South Carolina
December 1, 1989



South Caroliniana Library (1840), located on the University of South Carolina's oldest campus, The Horseshoe, was the first free-standing college library in the United States and today houses extensive collections related to the State's history. The University of South Carolina was established in 1801 and today educates more than 37,000 students on nine campuses throughout the State.

GENERAL PURPOSE FINANCIAL STATEMENTS

(Combined Statements -- Overview)

Combined Balance Sheet

ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 1989
(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPES	
	General	Special Revenue	Capital Projects	Enterprise	Internal Service
ASSETS					
Cash	$ –	$ 2,995	$ –	$ 6,133	$ 3,820
Cash on deposit with fiscal agents	–	–	–	–	–
Investments	279,370	395,802	84,424	120,615	233,772
Deferred yield adjustment for security exchanges	–	–	–	–	–
Receivables (net):					
Accounts	16,652	28,367	2,782	67,633	4,345
Taxes	153,512	59,505	–	–	–
Patient and student	–	–	–	–	–
Student loans	–	–	–	126,657	–
Loans and notes	2,389	14,026	–	139	8
Due from Federal government and other grantors	7,277	130,656	26,737	8,435	130
Due from other funds	30,736	32,078	19,024	1,919	10,589
Interfund receivables	8,761	191	–	7,230	1,541
Advances to other funds	9,900	1,849	–	–	10,976
Inventories	8,453	18,653	–	51,549	6,160
Property, plant, and equipment (net)	–	–	–	1,983,658	145,878
Net investment in lease	–	–	–	–	–
Restricted assets	–	–	–	1,059,656	–
Other assets	–	1,715	–	10,412	1,946
Deferred charges	–	–	–	514,886	–
Amount to be provided for retirement of long-term obligations	–	–	–	–	–
Total assets	**$517,050**	**$685,837**	**$132,967**	**$3,958,922**	**$419,165**

The Notes to the Financial Statements are an integral part of this statement.

FIDUCIARY FUND TYPES	ACCOUNT GROUPS			Totals (Memorandum Only) June 30	
Trust and Agency	General Fixed Assets	General Long-Term Obligations	HIGHER EDUCATION FUNDS	1989	1988
$ 4,126	$ –	$ –	$ 17,236	$ 34,310	$ 14,670
381,549	–	–	–	381,549	272,908
7,350,635	–	–	238,119	8,702,737	7,810,993
141,207	–	–	–	141,207	171,174
162,013	–	–	5,427	287,219	263,185
45,432	–	–	–	258,449	254,310
–	–	–	45,358	45,358	31,714
–	–	–	29,594	156,251	98,673
1,147	–	–	1,440	19,149	18,233
961	–	–	17,096	191,292	184,593
4,061	–	–	10,848	109,255	117,040
–	–	–	558	18,281	26,629
–	–	–	–	22,725	27,189
6	–	–	15,359	100,180	94,816
–	1,338,055	–	1,719,474	5,187,065	4,937,998
–	–	–	–	–	5,190
–	–	–	–	1,059,656	1,026,922
1,682	–	–	10,467	26,222	31,186
–	–	–	–	514,886	472,423
–	–	819,352	–	819,352	792,560
$8,092,819	**$1,338,055**	**$819,352**	**$2,110,976**	**$18,075,143**	**$16,652,406**

Continued on Next Page

Combined Balance Sheet

ALL FUND TYPES AND ACCOUNT GROUPS (Continued)

June 30, 1989
(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPES	
	General	Special Revenue	Capital Projects	Enterprise	Internal Service
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts payable and accrued liabilities	$ 79,507	$ 116,657	$ 27,682	$ 161,598	$ 55,945
Tax refunds payable	257,550	112	–	–	–
Intergovernmental payables	58,424	64,104	–	2,740	–
Insurance claims incurred but not reported	–	–	–	4,894	98,470
Due to other funds	13,745	22,183	5,130	84	–
Interfund payables	4,183	9,395	1,150	–	2,411
Advances from other funds	9,084	53	1,188	–	6,873
Deferred revenues and deferred credits	29,462	27,080	133	12,232	17,473
Deposits	–	–	–	7,958	–
Amounts held in custody for others	–	–	–	–	–
Deferred compensation	–	–	–	81	–
Liabilities payable from restricted assets	–	–	–	440	–
Notes payable	–	–	–	8,351	–
General obligation bond anticipation notes payable	–	–	–	–	–
General obligation bonds payable	–	–	–	–	–
Revenue bonds payable	–	–	–	2,761,713	–
Capital lease and installment debt obligations payable	–	–	–	66,840	64,301
Compensated absences payable	–	–	–	333	1,903
Other liabilities, including retainages payable	2,224	4,350	21,983	81,627	7,922
Total liabilities	**454,179**	**243,934**	**57,266**	**3,108,891**	**255,298**
Fund Equity:					
Contributed capital	–	–	–	197,051	75,434
Investment in fixed assets	–	–	–	–	–
Retained earnings:					
Reserved for special purposes	–	–	–	73,787	–
Unreserved	–	–	–	579,193	88,433
Fund balances:					
Reserved for:					
Pension and other benefits	–	–	–	–	–
Restricted fund balance	–	–	–	–	–
General fund reserve	87,999	–	–	–	–
U. S. government grants refundable	–	–	–	–	–
Inventories	8,453	18,653	–	–	–
Advances to other funds	9,900	1,849	–	–	–
Appropriations to be carried forward	74,699	–	–	–	–
Endowment and similar funds	–	–	–	–	–
Long-term loans and notes receivable	2,336	14,025	–	–	–
School building aid	9,702	–	–	–	–
Encumbrances	–	–	–	–	–
Other special purposes	–	1,715	–	–	–
Unreserved:					
Designated for special purposes	–	126,469	–	–	–
Designated for capital expenditures	–	–	75,701	–	–
Designated for quasi-endowments	–	–	–	–	–
Undesignated	(130,218)	279,192	–	–	–
Total fund equity	**62,871**	**441,903**	**75,701**	**850,031**	**163,867**
Total liabilities and fund equity	**$517,050**	**$685,837**	**$132,967**	**$3,958,922**	**$419,165**

The Notes to the Financial Statements are an integral part of this statement.

FIDUCIARY FUND TYPES	ACCOUNT GROUPS		HIGHER EDUCATION FUNDS	Totals (Memorandum Only) June 30	
Trust and Agency	General Fixed Assets	General Long-Term Obligations		1989	1988
$ 78,900	$ –	$ –	$ 62,034	$ 582,323	$ 493,443
1,010	–	–	–	258,672	199,529
268	–	–	–	125,536	122,993
–	–	2,034	–	105,398	83,358
63,136	–	–	4,977	109,255	117,040
558	–	–	584	18,281	26,629
–	–	–	5,527	22,725	27,189
4,021	–	–	20,823	111,224	112,702
3,587	–	–	3,037	14,582	14,506
414,052	–	–	756	414,808	515,943
310,442	–	–	–	310,523	254,251
–	–	–	–	440	274
–	–	500	16,049	24,900	12,718
–	–	–	12,055	12,055	11,905
–	–	683,240	13,870	697,110	669,520
–	–	–	155,253	2,916,966	2,793,086
–	–	4,820	16,948	152,909	194,951
–	–	98,364	39,017	139,617	126,295
84	–	30,394	3,524	152,108	132,590
876,058	**–**	**819,352**	**354,454**	**6,169,432**	**5,908,922**
–	–	–	–	272,485	259,891
–	1,338,055	–	1,494,871	2,832,926	2,633,383
–	–	–	–	73,787	63,630
–	–	–	–	667,626	592,835
6,727,295	–	–	–	6,727,295	5,984,267
–	–	–	144,524	144,524	129,586
–	–	–	–	87,999	86,092
–	–	–	5,642	5,642	11,828
6	–	–	–	27,112	23,191
–	–	–	–	11,749	15,096
–	–	–	–	74,699	64,478
–	–	–	13,114	13,114	11,759
–	–	–	–	16,361	17,192
–	–	–	–	9,702	7,147
–	–	–	4,815	4,815	2,077
–	–	–	3,284	4,999	166
–	–	–	22,877	149,346	107,933
–	–	–	–	75,701	81,811
–	–	–	14,764	14,764	12,886
489,460	–	–	52,631	691,065	638,236
7,216,761	**1,338,055**	**–**	**1,756,522**	**11,905,711**	**10,743,484**
$8,092,819	**$1,338,055**	**$819,352**	**$2,110,976**	**$18,075,143**	**$16,652,406**

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances

ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS

For the Fiscal Year Ended June 30, 1989
(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES		
	General	Special Revenue	Capital Projects
Revenues:			
Taxes	$2,906,496	$ 602,329	$ 912
Licenses, fees, and permits	51,945	103,287	–
Interest and other investment income	64,534	11,001	4,792
Federal	43,719	1,042,105	188,807
Departmental services	125,624	100,375	2,550
Contributions	37	11,446	91
Other	16,811	63,910	276
Total revenues	**3,209,166**	**1,934,453**	**197,428**
Expenditures:			
Current:			
General government	236,882	25,047	–
Education	154,565	85,926	–
Individual and family services	654,654	762,787	–
Administration of justice	230,327	26,031	–
Resources and economic development	74,518	39,154	–
Transportation	248	249,037	–
Miscellaneous	70	–	–
Capital outlay	–	38,634	373,723
Debt service:			
Principal retirement	83,682	708	–
Interest and fiscal charges	45,964	113	–
Intergovernmental	1,193,096	553,689	–
Total expenditures	**2,674,408**	**1,781,416**	**373,723**
Revenues over (under) expenditures	**534,760**	**153,037**	**(176,295)**
Other financing sources (uses):			
Proceeds from bonds and notes	–	–	85,000
Lease and installment debt proceeds	234	3	–
Operating transfers in	5,181	4,536	129,348
Operating transfers out	(594,722)	(122,874)	(40,627)
Total other financing sources (uses)	**(589,307)**	**(118,335)**	**173,721**
Revenues and other sources over (under) expenditures and other uses	**(54,547)**	**34,702**	**(2,574)**
Fund balances, July 1, 1988	**118,456**	**404,464**	**81,811**
Increases in reserve for inventories	**1,161**	**2,737**	**–**
Residual equity transfers to other funds	**(2,219)**	**–**	**(3,536)**
Fund balances, June 30, 1989	**$ 62,871**	**$ 441,903**	**$ 75,701**

The Notes to the Financial Statements are an integral part of this statement.

FIDUCIARY FUND TYPE	Totals (Memorandum Only) For the Fiscal Year Ended June 30	
Expendable Trust	1989	1988
$196,595	$3,706,334	$3,497,798
2,642	157,874	140,539
6,199	86,526	81,628
30,658	1,305,289	1,235,063
493	229,042	208,560
227	11,801	7,681
1,168	82,165	112,563
237,982	**5,579,031**	**5,283,832**
129,459	391,388	415,594
–	240,491	223,623
232	1,417,873	1,317,074
–	256,358	217,125
338	114,010	101,375
–	249,285	190,345
–	70	50
–	412,357	456,626
2	84,682	77,521
1	46,078	44,684
138	1,747,125	1,642,064
130,170	**4,959,717**	**4,696,081**
107,812	**619,314**	**587,751**
–	85,000	60,000
8	245	30,431
2,278	141,343	200,862
(189)	(758,412)	(733,807)
2,097	**(531,824)**	**(442,514)**
109,909	**87,490**	**145,237**
378,950	**983,681**	**842,980**
3	**3,921**	**1,056**
–	**(5,755)**	**(5,592)**
$488,862	**$1,069,337**	**$ 983,681**

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual (Budgetary Basis)

ALL BUDGETED FUNDS

For the Fiscal Year Ended June 30, 1989
(Expressed in Thousands)

	BUDGETARY GENERAL FUND		
	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Admissions tax	$ 6,300	$ 6,110	$ (190)
Aircraft tax	1,750	1,934	184
Alcoholic liquors tax	47,750	47,544	(206)
Bank tax	6,300	8,314	2,014
Beer and wine tax	71,250	71,244	(6)
Business license tax	30,820	30,523	(297)
Coin-operated device tax	10,900	14,899	3,999
Commercial nuclear waste tax	5,200	5,639	439
Contractors' license tax	1,330	1,368	38
Corporation income tax	232,000	211,209	(20,791)
Corporation license tax	32,400	29,484	(2,916)
Department of Agriculture	6,155	6,203	48
Departmental revenue (primarily grant revenues and fees for services)	30,992	34,955	3,963
Documentary tax	14,600	11,859	(2,741)
Earned on investments	64,000	65,490	1,490
Education Improvement Act--1% sales tax	–	–	–
Education Improvement Act--investment earnings	–	–	–
Education Improvement Act--other	–	–	–
Electric power tax	15,700	15,243	(457)
Estate tax	36,500	32,079	(4,421)
Excise tax--casual sales	8,700	8,655	(45)
Fertilizer inspection tax	175	234	59
Gasoline tax--counties	17,800	17,615	(185)
Gift tax	5,000	3,907	(1,093)
Individual income tax	1,245,400	1,248,058	2,658
Insurance tax	88,170	87,068	(1,102)
Miscellaneous sources	37,009	39,192	2,183
Motor transport fees	6,358	5,599	(759)
Private car lines tax	1,250	1,239	(11)
Public service assessment	3,730	3,812	82
Public Service Authority	5,000	5,366	366
Radioactive waste surcharge	4,500	6,679	2,179
Retail sales tax (4%)	1,066,300	1,076,971	10,671
Retailers license tax	990	1,004	14
Savings and loan association tax	900	856	(44)
Soft drinks tax	20,445	19,668	(777)
Workers' compensation insurance tax	16,750	17,127	377
Total revenues	**3,142,424**	**3,137,147**	**(5,277)**

The Notes to the Financial Statements are an integral part of this statement

OTHER BUDGETED FUNDS			TOTAL BUDGETED FUNDS		
Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
$ 7,830	$ 7,831	$ 1	$ 14,130	$ 13,941	$ (189)
–	–	–	1,750	1,934	184
475	600	125	48,225	48,144	(81)
–	–	–	6,300	8,314	2,014
–	–	–	71,250	71,244	(6)
–	–	–	30,820	30,523	(297)
–	–	–	10,900	14,899	3,999
–	–	–	5,200	5,639	439
–	–	–	1,330	1,368	38
–	–	–	232,000	211,209	(20,791)
–	–	–	32,400	29,484	(2,916)
2,939	2,264	(675)	9,094	8,467	(627)
3,437,393	3,028,251	(409,142)	3,468,385	3,063,206	(405,179)
1,739	1,500	(239)	16,339	13,359	(2,980)
6,680	11,101	4,421	70,680	76,591	5,911
271,850	271,980	130	271,850	271,980	130
1,900	1,771	(129)	1,900	1,771	(129)
51	337	286	51	337	286
–	–	–	15,700	15,243	(457)
–	–	–	36,500	32,079	(4,421)
–	–	–	8,700	8,655	(45)
–	–	–	175	234	59
–	–	–	17,800	17,615	(185)
–	–	–	5,000	3,907	(1,093)
–	–	–	1,245,400	1,248,058	2,658
11	23	12	88,181	87,091	(1,090)
57,206	39,321	(17,885)	94,215	78,513	(15,702)
–	–	–	6,358	5,599	(759)
–	–	–	1,250	1,239	(11)
–	–	–	3,730	3,812	82
–	–	–	5,000	5,366	366
–	–	–	4,500	6,679	2,179
20	11	(9)	1,066,320	1,076,982	10,662
–	–	–	990	1,004	14
–	–	–	900	856	(44)
–	–	–	20,445	19,668	(777)
–	–	–	16,750	17,127	377
3,788,094	**3,364,990**	**(423,104)**	**6,930,518**	**6,502,137**	**(428,381)**

Continued on Next Page

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual (Budgetary Basis)

ALL BUDGETED FUNDS (Continued)

For the Fiscal Year Ended June 30, 1989
(Expressed in Thousands)

	BUDGETARY GENERAL FUND		
	Final Budget	Actual	Variance Favorable (Unfavorable)
Expenditures:			
Legislative	$ 29,540	$ 25,527	$ 4,013
Judicial	24,585	24,115	470
Executive and administrative	160,649	141,029	19,620
Educational	1,676,865	1,629,543	47,322
Health	458,561	453,003	5,558
Social rehabilitation services	109,272	106,362	2,910
Correctional	208,061	206,120	1,941
Conservation, natural resources, and development	119,173	115,932	3,241
Regulatory	69,245	67,628	1,617
Transportation	4,210	3,705	505
Debt service	102,535	101,986	549
Miscellaneous	231,163	228,331	2,832
Highway Department	1,246	1,244	2
Enterprise agencies	–	–	–
Total expenditures	**3,195,105**	**3,104,525**	**90,580**
Excess of revenues over (under) expenditures	**(52,681)**	**32,622**	**85,303**
Other financing sources (uses):			
Transfers in	–	–	–
Transfers out	–	(29,803)	(29,803)
Intrafund transfers	(48,545)	–	48,545
Total financing sources (uses)	**(48,545)**	**(29,803)**	**18,742**
Excess of revenues and other sources over (under) expenditures and other uses	**(101,226)**	**2,819**	**104,045**
Budgetary fund balance, July 1, 1988	**213,734**	**213,734**	**–**
Budgetary fund balance, June 30, 1989	**$ 112,508**	**$ 216,553**	**$104,045**

The Notes to the Financial Statements are an integral part of this statement.

OTHER BUDGETED FUNDS			TOTAL BUDGETED FUNDS		
Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
$ 843	$ 501	$ 342	$ 30,383	$ 26,028	$ 4,355
130	26	104	24,715	24,141	574
276,215	193,390	82,825	436,864	334,419	102,445
1,361,834	1,121,209	240,625	3,038,699	2,750,752	287,947
890,945	816,097	74,848	1,349,506	1,269,100	80,406
421,784	352,644	69,140	531,056	459,006	72,050
74,968	59,560	15,408	283,029	265,680	17,349
89,131	73,258	15,873	208,304	189,190	19,114
66,847	56,577	10,270	136,092	124,205	11,887
1,884	1,649	235	6,094	5,354	740
–	–	–	102,535	101,986	549
–	–	–	231,163	228,331	2,832
716,100	633,253	82,847	717,346	634,497	82,849
5,811	5,811	–	5,811	5,811	–
3,906,492	**3,313,975**	**592,517**	**7,101,597**	**6,418,500**	**683,097**
(118,398)	**51,015**	**169,413**	**(171,079)**	**83,637**	**254,716**
29,803	29,803	–	29,803	29,803	–
–	–	–	–	(29,803)	(29,803)
--	–	–	(48,545)	–	48,545
29,803	**29,803**	**–**	**(18,742)**	**–**	**18,742**
(88,595)	**80,818**	**169,413**	**(189,821)**	**83,637**	**273,458**
355,026	**355,026**	**–**	**568,760**	**568,760**	**–**
$ 266,431	**$ 435,844**	**$169,413**	**$ 378,939**	**$ 652,397**	**$273,458**

Combined Statement of Revenues, Expenses, and Changes in Fund Equity

ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS

For the Fiscal Year Ended June 30, 1989
(Expressed in Thousands)

	PROPRIETARY FUND TYPES	
	Enterprise	Internal Service
Operating revenues:		
Charges for services	$629,037	$385,868
Contributions	82	20,580
Interest and other investment income	77,428	16,058
Other operating revenues	5,875	284
Total operating revenues	**712,422**	**422,790**
Operating expenses:		
General operations and administration	386,061	98,197
Benefits and claims	138	288,051
Interest	61,505	–
Depreciation and amortization	90,439	14,339
Costs to be recovered from future revenues	(28,102)	–
Other operating expenses	10,052	22,277
Total operating expenses	**520,093**	**422,864**
Operating income (loss)	**192,329**	**(74)**
Nonoperating revenues (expenses):		
Interest income	28,401	5,077
Federal revenue	18,056	13
Interest expense	(153,269)	(9,127)
Other nonoperating revenues (expenses)	(11,033)	656
Total nonoperating revenues (expenses)	**(117,845)**	**(3,381)**
Income (loss) before operating transfers	**74,484**	**(3,455)**
Operating transfers in	3,189	16,272
Operating transfers out	(5,180)	(362)
Net income	**72,493**	**12,455**
Retained earnings/fund balances, July 1, 1988	**580,487**	**75,978**
Retained earnings/fund balances, June 30, 1989	**652,980**	**88,433**
Contributed capital, July 1, 1988	**187,951**	**71,940**
Additions to contributed capital	**9,101**	**4,227**
Deductions from contributed capital	**(1)**	**(733)**
Fund equity, June 30, 1989	**$850,031**	**$163,867**

The Notes to the Financial Statements are an integral part of this statement.

FIDUCIARY FUND TYPES		Totals (Memorandum Only) For the Fiscal Year Ended June 30	
Nonexpendable Trust	Pension Trust	1989	1988
$ –	$ –	$1,014,905	$ 904,427
50	487,489	508,201	446,541
–	599,481	692,967	620,051
–	–	6,159	5,839
50	1,086,970	2,222,232	1,976,858
–	–	484,258	433,920
–	349,097	637,286	551,389
–	–	61,505	59,090
–	–	104,778	97,323
–	–	(28,102)	(27,432)
9	–	32,338	32,037
9	349,097	1,292,063	1,146,327
41	737,873	930,169	830,531
4	–	33,482	31,698
–	–	18,069	15,044
–	–	(162,396)	(158,789)
1	–	(10,376)	(10,826)
5	–	(121,221)	(122,873)
46	737,873	808,948	707,658
–	9,519	28,980	16,177
–	(4,364)	(9,906)	(7,436)
46	743,028	828,022	716,399
558	5,984,267	6,641,290	5,924,891
604	6,727,295	7,469,312	6,641,290
–	–	259,891	248,490
–	–	13,328	11,672
–	–	(734)	(271)
$604	$6,727,295	$7,741,797	$6,901,181

Combined Statement of Changes in Financial Position

ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS

For the Fiscal Year Ended June 30, 1989
(Expressed in Thousands)

	PROPRIETARY FUND TYPES	
	Enterprise	Internal Service
Sources of working capital:		
Operations:		
Net income	$ 72,493	$ 12,455
Items not requiring (providing) working capital:		
Depreciation and amortization	90,439	14,339
Loss on disposition of property and equipment	766	34
Other	(5,516)	(2,488)
Total sources from operations	158,182	24,340
Decreases in student loans receivable, net	–	–
Decreases in loans and notes receivable, net	–	2
Decreases in net investment in lease	5,190	–
Decreases in advances to other funds	–	1,117
Decreases in restricted assets	–	–
Increases in accrued liabilities	579	–
Increases in deferred revenues and deferred credits	–	–
Increases in notes payable	7,801	–
Increases in revenue bonds payable	66,378	–
Increases in other long-term liabilities	3,653	–
Proceeds on disposal of property and equipment	–	–
Additions to contributed capital	9,101	4,227
Total sources of working capital	250,884	29,686
Uses of working capital:		
Increases in long-term investments	6,786	45,202
Increases in student loans receivable, net	56,446	–
Increases in loans and notes receivable, net	117	–
Increases in net investment in lease	–	–
Increases in restricted assets	32,734	–
Increases in other long-term assets	636	–
Increases in deferred charges	42,460	–
Decreases in accrued liabilities	–	–
Decreases in advances from other funds	2,102	1,363
Decreases in deferred revenues and deferred credits	8,783	–
Decreases in deferred compensation	–	–
Reductions of revenue bonds payable	–	–
Reductions of capital lease and installment debt obligations payable	2,651	7,418
Decreases in other long-term liabilities	–	5,086
Acquisitions of property and equipment	121,796	9,550
Total uses of working capital	274,511	68,619
Net increases (decreases) in working capital	$(23,627)	$(38,933)

The Notes to the Financial Statements are an integral part of this statement.

FIDUCIARY FUND TYPES		Totals (Memorandum Only) For the Fiscal Year Ended June 30	
Nonexpendable Trust	Pension Trust	1989	1988
$46	$743,028	$ 828,022	$716,399
–	–	104,778	97,323
–	–	800	675
–	–	(8,004)	(1,830)
46	743,028	925,596	812,567
–	–	–	12,131
–	–	2	16,447
–	–	5,190	–
–	–	1,117	1,953
–	–	–	50,515
–	–	579	–
–	–	–	149
–	–	7,801	192
–	–	66,378	–
–	–	3,653	9,803
–	–	–	233
–	–	13,328	8,501
46	**743,028**	**1,023,644**	**912,491**
1	588,678	640,667	777,410
–	–	56,446	–
–	–	117	–
–	–	–	5,190
–	–	32,734	–
–	–	636	2,743
–	–	42,460	22,847
–	–	–	2,891
–	–	3,465	2,755
–	–	8,783	–
–	–	–	19
–	–	–	32,558
–	–	10,069	9,212
–	–	5,086	4,181
–	–	131,346	133,312
1	**588,678**	**931,809**	**993,118**
$45	**$154,350**	**$ 91,835**	**$(80,627)**

Continued on Next Page

Combined Statement of Changes in Financial Position

ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS (Continued)

For the Fiscal Year Ended June 30, 1989
(Expressed in Thousands)

	PROPRIETARY FUND TYPES	
	Enterprise	Internal Service
Components of net increases (decreases) in working capital:		
Cash	$ (3,901)	$ 3,734
Cash on deposit with fiscal agents	–	–
Investments	19,229	(9,651)
Deferred yield adjustment for security exchanges	–	–
Accounts receivable, net	4,264	(2,147)
Patient and student receivables	–	–
Loans and notes receivable--current portion	(17)	(21)
Due from Federal government and other grantors	1,797	14
Due from other funds	1,719	1,832
Interfund receivables	7,381	(134)
Inventories	1,958	(365)
Other current assets	3,051	(2,600)
Deferred charges	3	–
Accounts payable and accrued liabilities	(7,280)	(6,102)
Intergovernmental payables	(2,700)	–
Insurance claims incurred but not reported	490	(22,197)
Due to other funds	(10)	–
Interfund payables	116	263
Deferred revenues	77	(1,106)
Deposits	(7)	–
Liabilities payable from restricted assets	(166)	–
Notes payable	(146)	–
Revenue bonds payable	(49,595)	–
Capital lease and installment debt obligations payable	144	(122)
Compensated absences payable	(5)	(86)
Other current liabilities	(29)	(245)
Net increases (decreases) in working capital	**$(23,627)**	**$(38,933)**

The Notes to the Financial Statements are an integral part of this statement.

FIDUCIARY FUND TYPES		Totals (Memorandum Only) For the Fiscal Year Ended June 30	
Nonexpendable Trust	Pension Trust	1989	1988
$21	$ (273)	$ (419)	$ 11,276
–	–	–	(21,589)
–	227,484	237,062	(13,694)
–	(29,967)	(29,967)	(30,302)
(1)	17,229	19,345	12,188
–	–	–	(127)
–	–	(38)	56
–	–	1,811	2,082
25	(1,235)	2,341	(9,487)
–	(41)	7,206	18,449
–	–	1,593	12,404
–	–	451	8,181
–	–	3	(185)
–	(58,888)	(72,270)	(33,131)
–	–	(2,700)	184
–	–	(21,707)	(25,989)
–	–	(10)	71
–	41	420	(2,831)
–	–	(1,029)	(9,268)
–	–	(7)	(281)
–	–	(166)	(41)
–	–	(146)	(55)
–	–	(49,595)	20,260
–	–	22	(441)
–	–	(91)	(147)
–	–	(274)	(18,210)
$45	$154,350	$ 91,835	$(80,627)

Combined Statement of Changes in Fund Balances

HIGHER EDUCATION FUNDS

For the Fiscal Year Ended June 30, 1989
(Expressed in Thousands)

	CURRENT FUNDS			
	Unrestricted	Restricted	LOAN FUNDS	ENDOWMENT AND SIMILAR FUNDS
Revenues and other additions:				
Unrestricted Current Fund revenues	$ 555,509	$ –	$ –	$ –
Restricted student tuition and fees	–	1,813	46	–
Federal grants and contracts--restricted	–	105,893	1,493	–
State grants--restricted	–	6,323	–	50
Private gifts, grants, and contracts--restricted	–	27,867	13	3,782
Investment income--restricted	–	2,081	125	23
Realized investment gains--unrestricted	–	–	–	–
Realized investment gains--restricted	–	200	–	552
Interest earned	–	901	706	7
Expended for plant facilities	–	–	–	–
Retirement of indebtedness	–	–	–	–
Proceeds of bond refunding	–	–	–	–
Other revenues and additions	–	3,308	119	29
Total revenues and other additions	**555,509**	**148,386**	**2,502**	**4,443**
Expenditures and other deductions:				
Educational and general	808,529	138,500	–	–
Auxiliary enterprises	121,135	1,582	–	–
Hospital	137,197	200	–	–
Indirect costs recovered	–	10,859	7	–
Loan cancellation and bad debt write-offs	–	–	235	4
Administration and collection costs	–	–	680	–
Expended for plant facilities	–	–	–	–
Retirement of indebtedness	–	–	–	–
Interest on indebtedness	–	–	–	–
Disposal of plant facilities	–	–	–	–
Payment to refunded bond escrow agent	–	–	–	–
Other expenditures and deductions	2,186	177	125	107
Total expenditures and other deductions	**1,069,047**	**151,318**	**1,047**	**111**
Transfers in (out):				
Transfers among Higher Education Funds:				
Mandatory transfers for:				
Principal and interest	(23,866)	(421)	–	–
Renewals and replacements	(684)	–	–	–
Loan fund matching grant	(139)	(8)	147	–
Other	(21)	21	–	–
Nonmandatory transfers	(4,533)	(2,802)	282	1,011
Operating transfers in	554,292	3,076	–	–
Total transfers in (out)	**525,049**	**(134)**	**429**	**1,011**
Net increases (decreases) in fund balances	**11,511**	**(3,066)**	**1,884**	**5,343**
Fund balances, July 1, 1988	**51,808**	**22,113**	**33,386**	**24,670**
Fund balances, June 30, 1989	**$ 63,319**	**$ 19,047**	**$35,270**	**$30,013**

The Notes to the Financial Statements are an integral part of this statement.

PLANT FUNDS				Totals for the Fiscal Year Ended June 30	
Unexpended	Renewal and Replacements	Retirement of Indebtedness	Investment in Plant	1989	1988
$ –	$ –	$ –	$ –	$ 555,509	$ 492,909
3,666	503	6,578	–	12,606	7,678
9,597	–	295	–	117,278	100,337
–	50	–	–	6,423	5,559
3,933	80	101	1,707	37,483	54,700
2,751	938	906	–	6,824	7,491
–	–	–	–	–	17
–	–	–	–	752	1,078
740	–	2,633	–	4,987	2,554
–	–	–	130,878	130,878	91,572
503	–	–	17,899	18,402	13,191
–	–	–	–	–	14,865
10,075	1,616	5,127	37	20,311	15,517
31,265	**3,187**	**15,640**	**150,521**	**911,453**	**807,468**
–	–	–	–	947,029	853,460
–	–	–	–	122,717	114,030
–	–	–	–	137,397	122,216
–	–	–	–	10,866	10,429
–	–	–	–	239	283
–	–	–	–	680	448
65,106	6,870	–	–	71,976	59,261
–	–	15,595	–	15,595	11,336
–	–	13,428	–	13,428	13,251
–	–	–	36,608	36,608	19,174
–	–	–	–	–	17,963
1,879	2	2,038	10,741	17,255	4,733
66,985	**6,872**	**31,061**	**47,349**	**1,373,790**	**1,226,584**
140	–	24,147	–	–	–
–	684	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
14,253	1,382	(5,667)	(3,926)	–	–
39,207	1,420	–	–	597,995	524,204
53,600	**3,486**	**18,480**	**(3,926)**	**597,995**	**524,204**
17,880	**(199)**	**3,059**	**99,246**	**135,658**	**105,088**
46,231	**10,089**	**36,942**	**1,395,625**	**1,620,864**	**1,515,776**
$64,111	**$ 9,890**	**$40,001**	**$1,494,871**	**$1,756,522**	**$1,620,864**

Combined Statement of Current Funds Revenues, Expenditures, and Other Changes

HIGHER EDUCATION FUNDS

For the Fiscal Year Ended June 30, 1989
(Expressed in Thousands)

	Unrestricted	Restricted	Totals for the Fiscal Year Ended June 30 1989	1988
Revenues:				
Tuition and fees	$ 203,323	$ –	$ 203,323	$ 180,952
Federal grants and contracts	21,407	97,069	118,476	107,701
State grants and contracts	1,209	5,737	6,946	7,173
Local grants and contracts	13,492	898	14,390	10,842
Private gifts, grants, and contracts	8,150	25,986	34,136	36,370
Endowment income	503	1,607	2,110	1,834
Sales and services of educational departments	28,659	–	28,659	27,484
Sales and services of auxiliary enterprises	126,170	–	126,170	115,425
Sales and services of hospitals	136,278	200	136,478	108,171
Other	16,318	3,983	20,301	22,423
Total current revenues	**555,509**	**135,480**	**690,989**	**618,375**
Expenditures and mandatory transfers:				
Educational and general:				
Instruction	369,574	26,508	396,082	359,921
Research	43,851	44,436	88,287	80,423
Public service	61,591	20,817	82,408	73,826
Academic support	81,970	5,902	87,872	69,185
Student services	43,093	1,847	44,940	44,257
Institutional support	112,747	1,466	114,213	109,707
Operation and maintenance of plant	91,135	199	91,334	83,267
Scholarships and fellowships	4,568	37,325	41,893	32,874
Educational and general expenditures	808,529	138,500	947,029	853,460
Mandatory transfers for:				
Principal and interest	13,721	421	14,142	5,399
Loan fund matching grant	139	8	147	136
Other	21	(21)	–	–
Total educational and general	822,410	138,908	961,318	858,995
Auxiliary enterprises:				
Expenditures	121,135	1,582	122,717	114,030
Mandatory transfers for:				
Principal and interest	10,145	–	10,145	8,865
Renewals and replacements	684	–	684	2,059
Total auxiliary enterprises	131,964	1,582	133,546	124,954
Hospital:				
Expenditures	137,197	200	137,397	122,216
Mandatory transfers for principal and interest	–	–	–	7,629
Total hospital	137,197	200	137,397	129,845
Total expenditures and mandatory transfers	**1,091,571**	**140,690**	**1,232,261**	**1,113,794**
Other transfers and additions (deductions):				
Excess of restricted receipts over transfers to revenues	–	1,996	1,996	2,337
Transfers from the State General Fund	553,819	1,059	554,878	491,580
Other transfers and additions (deductions)	(6,246)	(911)	(7,157)	3,890
Net increase(decrease) in fund balances	**$ 11,511**	**$ (3,066)**	**$ 8,445**	**$ 2,388**

The Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Scope of Reporting Entity

These financial statements include all component units over which the State's elected officials exercise significant oversight responsibility. Financial interdependency is the most important element of oversight responsibility. However, the following also were considered in determining the scope of the reporting entity:

Selection of governing authority
Designation of management
Ability to significantly influence operations
Accountability for fiscal matters

Based on the above criteria, the following significant component units are included in these financial statements:

State-supported colleges/universities
Area technical colleges
The State's four retirement systems
State Housing Finance and Development Authority
South Carolina Public Service Authority (Santee-Cooper)
State Ports Authority
Public Railways Commission (and Tangent Transportation Company) for its fiscal year ended December 31, 1988
State Education Assistance Authority and Student Loan Corporation
South Carolina Research Authority
Patriots' Point Development Authority
South Carolina Deferred Compensation Plans for their fiscal year ended December 31, 1988
The State Health Insurance Program
The Local Government Investment Pool

These financial statements exclude the related foundations listed in Note 15 because the State does not significantly influence operations of the related foundations nor are the related foundations accountable to the State for fiscal matters.

b. Basis of Presentation--Fund Accounting

The State uses fund accounting under which it segregates its resources and accounts for them in various individual funds. Each individual fund is an accounting entity with a self-balancing set of accounts. Individual funds that have similar characteristics are combined into fund types.

Governmental Funds

Governmental Funds finance most of the State's governmental functions. The measurement focus of the Governmental Funds is on sources, uses, and balances of financial resources.

The General Fund is the State's general operating fund. It accounts for resources that fund the services South Carolina's State government traditionally has provided to its citizens, except those required to be accounted for in another fund.

Special Revenue Funds account for specific revenue sources (other than for Capital Projects, Trust, and Higher Education Funds) that are legally restricted for specified purposes.

Capital Projects Funds account for resources to acquire major capital facilities for use by the General Fund and Special Revenue Funds, including planning/construction of the State's highway system.

Debt Service Funds are not used because the State does not accumulate resources to pay future years' general long-term obligations. Instead, the State finances such payments directly from the current year's resources.

Proprietary Funds

Proprietary Funds account for activities similar to those found in the private sector. The measurement focus is upon determination of net income, financial position, and changes in financial position.

Enterprise Funds account for business-like State activities that provide goods/services to the public financed primarily through user charges.

Internal Service Funds provide goods/services to other funds, other component units, or other governments on a cost-allocation basis.

Fiduciary Funds

Fiduciary Funds account for resources the State holds as trustee or agent for individuals, private organizations, or other governmental units. Both principal and earnings of Expendable Trust Funds may be used for purposes allowed under the trust agreements. Only the earnings, but not the principal, of Nonexpendable Trust Funds may be expended.

Expendable Trust Funds have the same measurement focus as Governmental Funds. Nonexpendable Trust and Pension Trust Funds have the same measurement focus as Proprietary Funds. Agency Funds are custodial in nature and do not involve measurement of results of operations.

Account Groups

The General Fixed Assets Account Group includes all fixed assets other than those accounted for in the Proprietary and Higher Education Funds.

Notes to the Financial Statements

The General Long-Term Obligations Account Group accounts for all long-term obligations not accounted for in the Proprietary and Higher Education Funds. Long-term obligations include bonds, notes, capital leases, compensated absences, and claims/judgments.

c. Basis of Accounting

The basis of accounting determines when the State recognizes revenues and expenditures/expenses and related assets and liabilities, regardless of measurement focus.

Governmental, Expendable Trust, and Agency Funds

The modified accrual basis of accounting is used in Governmental, Expendable Trust, and Agency Funds. Under the modified accrual basis, revenues are recorded when they become susceptible to accrual (i.e., both measurable and available). Except for entitlements, unemployment insurance taxes, and interest on investments, revenues are deemed available at year-end only if received within one month following year-end. Unemployment insurance taxes in the Expendable Trust Funds are deemed available at year-end only if received within forty-five days following year-end. Interest on investments is recorded as earned because it is deemed available when earned. Deferred revenue is recorded for receivables that are measurable but not available at year-end.

Individual income taxes in the hands of employers, sales and similar taxes (including gasoline taxes) in the hands of merchants or other State collection agents, delinquent taxes, charges for services and commodities, and interest income are accrued at year-end. Nondelinquent corporate income taxes, fines, forfeitures, licenses and fees, and other miscellaneous taxes and revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

Expenditures generally are recorded when goods or services are received. An exception is that principal and interest on obligations reflected in the General Long-Term Obligations Account Group are recorded as expenditures when due. Additional exceptions are that expenditures for compensated absences, claims, and judgments reflected in the General Long-Term Obligations Account Group are recorded when paid.

Proprietary, Nonexpendable Trust, and Pension Trust Funds

The State uses the accrual basis of accounting to report activity of the Proprietary, Nonexpendable Trust, and Pension Trust Funds. Under the accrual basis of accounting, the State recognizes revenues when earned and expenses when incurred. The Public Service Authority, an Enterprise Fund, is a regulated utility which uses accounting principles established by the Federal Energy Regulatory Commission.

Grant/Entitlement Revenues

The State recognizes grants, including non-cash support, as revenue when the State has incurred grant costs and has met all related grant requirements (such as matching requirements). Food stamps totaling $156.8 million and food commodities of $19.6 million represent the largest sources of non-cash support for the year ended June 30, 1989. In contrast, the State recognizes entitlements as revenue at the beginning of the entitlement period.

Pending determination of which funds are to be financed, grant/entitlement funds to be distributed to other State agencies are accounted for in Agency Funds. At June 30, 1989, approximately $3.3 million was being held in Agency Funds pending such determination.

d. Pooling of Cash and Investments

The State uses a pooled general deposit account and records each fund's equity interest in the pool. All earnings on this account, however, are recorded in the General Fund. The State segregates other monies (including those of the Pension Trust Funds) into various special deposit accounts. Each special deposit account retains its own earnings.

e. Investments and Deferred Yield Adjustment for Security Exchanges

Investments are stated at amortized cost using the effective interest method to amortize bond premiums/discounts over the time from purchase to maturity, except for deferred compensation plans' investments which are valued at the value of the underlying insurance contracts.

Additionally, gains and losses on bond exchanges in the Pension Trust Funds are accounted for under the deferral and amortization method. Net gains and losses on bond exchanges are deferred and amortized on a straight-line basis over the shorter of the life of the bond sold or purchased. The unamortized amount is reported as a Deferred Yield Adjustment for Security Exchanges on the Combined Balance Sheet. Gains or losses arising from non-exchange bond transactions are not deferred; they are recognized in the current year.

f. Receivables

Receivables are stated net of allowances for uncollectible amounts. Uncollectible amounts are estimated based upon past collection experience.

g. Inventories

Inventories are valued at the lower of cost (first-in, first-out) or market. The Governmental and Expendable Trust Funds use the purchases method while the Proprietary Funds use the consumption method.

Notes to the Financial Statements

h. Fixed Assets and Depreciation

Fixed assets are valued at historical cost or at estimated historical cost if actual historical cost data are not available. Donated fixed assets are recorded at fair market value on the donation date.

Governmental and Expendable Trust Funds

Governmental and Expendable Trust Funds record expenditures when they acquire fixed assets and capitalize those assets in the General Fixed Assets Account Group. The General Fixed Assets Account Group records neither depreciation nor capitalization of interest expenditures during construction. The State does not record its public domain (infrastructure) assets in the General Fixed Assets Account Group.

Proprietary and Nonexpendable Trust Funds

Proprietary and Nonexpendable Trust Funds capitalize fixed assets when acquired. Net interest costs are capitalized on projects during the construction period. Depreciation is provided using the straight-line method over the following estimated useful lives:

Asset	Years
Land improvements	3-75
Buildings, improvements, and utility plant	5-50
Machinery, equipment, and other	2-25

Depreciation on fixed assets acquired from Contributed Capital is closed to Retained Earnings.

i. Restricted Assets

Enterprise Fund assets required to be held and/or used as specified in bond indentures and bond resolutions have been recorded as Restricted Assets. These assets consist primarily of United States government securities, repurchase agreements, and mortgage-backed securities.

j. Deferred Charges

Unamortized loss on refunded debt and deferred costs to be recovered from future revenues of the South Carolina Public Service Authority (a regulated utility) are recorded as Deferred Charges in the Enterprise Funds. The Authority amortizes significant gains/losses on refunding debt issues over the life of the new issues rather than recognizing the gain/loss as an extraordinary item at the date of refunding. The recovery of outstanding amounts associated with costs to be recovered from future revenue will coincide with the retirement of the outstanding long-term debt of the Authority.

k. Tax Refunds Payable

During the calendar year, the State collects employee withholdings and taxpayers' payments for personal income taxes. Taxpayers file returns by April 15 for the preceding calendar year. At June 30, the State estimates the amount it owes taxpayers for overpayments during the preceding six months. This estimated payable is recorded as Tax Refunds Payable and a reduction of Tax Revenues.

l. Compensated Absences

During their first ten years of service, full-time permanent State employees annually earn 15 days of vacation leave and 15 days of sick leave. After ten years, employees earn an additional 1.25 days of vacation leave for each year of service over ten until they reach the maximum of 30 days per year. Employees may carry forward up to 45 days of vacation leave and 180 days of sick leave from one calendar year to the next. Upon termination of employment, the State pays employees for accumulated vacation leave at the pay rate then in effect. Employees do not receive pay for accumulated sick leave when they terminate.

The General and Special Revenue Funds record expenditures when they pay employees for leave, and the cost of accumulated vacation leave is recorded in the General Long-Term Obligations Account Group. For Proprietary Funds, the cost of vacation leave is recorded as an expense and a liability when earned by the employee.

m. Interfund Transactions

The State accounts for the following types of interfund transactions:

Interfund loans may occur between two State funds. Short-term interfund loans outstanding at year-end are recorded as Interfund Receivables/Payables. Advances To/From Other Funds represent long-term interfund loans receivable and payable.

Reimbursements result when one fund makes an expenditure on behalf of another fund. Reimbursement transactions reduce expenditure in the reimbursed fund and increase expenditure in the reimbursing fund.

Quasi-external transactions involve charges for goods or services that one fund delivers or provides to another. These transactions may result in the recording of short-term receivables or payables (Due From or To Other Funds) at year-end.

Residual equity transfers are nonroutine or nonrecurring transfers between funds.

Operating transfers include all interfund transactions that are not loans, reimbursements, quasi-external transactions, or residual equity transfers.

The State eliminates material intrafund transactions and interfund transactions that occur within a single combined financial statement fund type.

Notes to the Financial Statements

n. Risk Management

Several funds accumulate assets to cover risks that the State incurs in its normal operations. Specifically, the State itself (rather than an insurance carrier) assumes substantially all risks associated with:

- Claims of State employees for unemployment compensation benefits
- Claims of covered employees for workers' compensation and Second Injury Fund benefits
- Claims of covered public employees for health insurance, dental insurance, and group life insurance benefits (insurance carriers, however, provide claims administration services)
- Patients' Compensation Fund benefits in covered medical malpractice cases

In addition, the State maintains an Insurance Reserve Fund to cover risks associated with:

- Real property including public buildings, local public schools, and their contents
- Motor vehicles, school buses, and aircraft
- General tort claims that parties may file against the State or its political subdivisions
- Medical malpractice claims that parties may file against covered hospitals

The Insurance Reserve Fund purchases insurance coverage for a portion of these liabilities.

The State has recorded liabilities both for claims known but not paid and for claims incurred but not reported at June 30 in its risk management funds, which are reported primarily as Internal Service Funds.

o. Discrete Presentation--Higher Education Funds

Financial activities of the State's higher education institutions are reported in the Higher Education Funds. These funds use generally accepted accounting principles that apply to colleges and universities as contained in Audits of Colleges and Universities published by the American Institute of Certified Public Accountants. The Higher Education Funds are presented in a separate column on the Combined Balance Sheet as a discrete presentation. The Combined Statement of Changes in Fund Balances--Higher Education Funds presents the following fund types:

Current Funds account for resources that higher education institutions may use for any purpose in carrying out their primary objectives. Restricted Current Funds include resources that donors or other outside agencies have restricted for specific current operating purposes. All other current funds are Unrestricted Current Funds.

Loan Funds account for resources available for loans to students, faculty, or staff of higher education institutions.

Endowment and Similar Funds account for endowment and quasi-endowment transactions. These funds are similar to trust funds. The State must comply with the terms of any applicable agreements.

Plant Funds account for transactions involving physical properties of the higher education institutions. The Unexpended Plant subgroup accounts for monies that institutions will use to acquire physical properties in future accounting periods. The Renewal and Replacements subgroup accounts for monies the institutions have set aside for the renewal and replacement of institutional properties. The Retirement of Indebtedness subgroup includes monies to pay debt service and to retire indebtedness on institutional properties. The Investment in Plant subgroup accounts for funds that institutions have expended for (and thus have invested in) their properties and any related outstanding debt.

Agency Funds within the Higher Education Funds account for amounts that higher education institutions hold as custodians or fiscal agents for others.

The Combined Statement of Current Funds Revenues, Expenditures, and Other Changes--Higher Education Funds is a statement of financial activities related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenues and expenses.

Cash transfers from the General Fund to the higher education institutions appear as expenditures on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual (Budgetary Basis)--All Budgeted Funds. On all other combined operating statements, however, such transfers to the institutions from the General Fund appear as Operating Transfers from the General Fund to the Higher Education Funds.

The measurement focus in the Higher Education Funds is upon determination of resources received and used. The Higher Education Funds use the accrual basis. However, depreciation of fixed assets is not recorded. In addition, revenues from tuition and student fees of a summer session are reported totally within the fiscal year in which the session is predominantly conducted. Current Funds used to finance plant assets are accounted for as (1) expenditures for normal replacement of movable equipment and library books, (2) mandatory transfers for required provisions for debt amortization/interest and equipment renewal and replacement, and (3) transfers of a nonmandatory nature for all other cases.

Higher Education Funds record expenditures when they acquire fixed assets and capitalize those assets within their Plant Funds. These funds capitalize interest expenditures during construction but do not record depreciation.

Higher Education Funds use the consumption method of recording inventories.

Notes to the Financial Statements

p. Totals (Memorandum Only) Columns

Amounts in the "Totals--Memorandum Only" columns represent an aggregation of the combined financial statement line-items to facilitate financial analysis. Amounts in the "Totals--Memorandum Only" columns are not comparable to a consolidation.

"Memorandum Only" columns for 1988 are included to provide a summarized comparison with comparable 1989 amounts. The 1988 totals are not intended to present all information necessary for a fair presentation of financial position and results of operations in accordance with generally accepted accounting principles.

To enhance comparability, some 1988 amounts have been reclassified to conform with the presentation used in the 1989 financial statements.

NOTE 2: BUDGETARY ACCOUNTING AND REPORTING

a. Budgetary Funds

South Carolina's Appropriation Act does not present budgets by GAAP fund. Instead, it presents budgets for:

General Funds. These funds are general operating funds. The resources in these funds are primarily taxes. The State expends General Funds to provide traditional State government services. The General Funds column in the Appropriation Act differs somewhat from the GAAP General Fund.

Total Funds. The Total Funds column in the Appropriation Act includes all budgeted resources. Amounts in this column include General Funds as well as most Federal and department-generated resources. Total Funds include some Proprietary and Capital Project Fund activities but exclude Pension Trust Funds and most other Trust and Agency Fund activities.

The accompanying financial statements include a Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual (Budgetary Basis)--All Budgeted Funds. The Budgetary General Fund category on that statement corresponds to the General Funds column in the Appropriation Act. The Other Budgeted Funds category represents the difference between the Total Funds and the General Funds columns in the Appropriation Act.

b. Budgetary Basis of Accounting

Current legislation states that the General Assembly intends to appropriate all monies to operate State government for the current fiscal year. Unexpended Budgetary General Fund appropriations lapse on July 31 unless the department or agency is given specific authorization to carry them forward to the next fiscal year. Cash-basis accounting for payroll expenditures is required.

State law does not precisely define the budgetary basis of accounting. In practice, however, it is the cash basis with the following exceptions: (1) departments and agencies charge certain vendor and interfund payments against the preceding fiscal year's appropriations through July 21, and (2) several types of revenues collected in advance are recorded as liabilities (deferred revenues) rather than as revenues.

c. Budgetary Policies

State law does not require the use of encumbrance accounting. Neither the General Fund nor the Budgetary General Fund, therefore, records encumbrances or a reserve for encumbrances. Instead, the General Fund records the authorized appropriations to be carried forward as a reserve of fund balance.

The State maintains budgetary control at the level of major object class of expenditure within each program of each department or agency. All budgeted departments and agencies except the higher education institutions and the Department of Highways and Public Transportation process their disbursement vouchers through a central budgetary accounting system maintained by the Comptroller General's Office. Departments and agencies may process disbursement vouchers in the State's budgetary accounting system only if enough cash and appropriations exist. The State's 1988-89 Appropriation Act has approximately 5,900 appropriated line items. These line items constitute the level of legal control over expenditures. The level of legal control for all agencies is reported in a publication of the State Comptroller General's Office titled "A Detailed Report of Appropriations and Expenditures," not included herein. Departments and agencies may request transfers of appropriations among major object classes and/or among programs within the same budgetary fund. No such transfer request, however, may exceed twenty percent of the program budget. The Budget and Control Board, composed of five key executive and legislative officials, has the authority to approve such requests.

Each year, the General Assembly enacts an Appropriation Act that includes initial estimated revenue and appropriation figures for the Budgetary General Fund. The 1988-89 Appropriation Act directed the Budget and Control Board to reduce the Budgetary General Fund's appropriations during the year if necessary to prevent a deficit. Likewise, the Budget and Control Board may approve increases or decreases in the Budgetary General Fund's estimated revenues during the year.

For Other Budgeted Funds, the annual Appropriation Act presents estimated revenue amounts only for Education Improvement Act and highway revenues. The Budget and Control Board, however, provides estimated revenue amounts for the other resources in these funds. The Appropriation Act includes all appropriation amounts for these funds.

Notes to the Financial Statements

As operating conditions change, departments and agencies may request revisions of estimated revenues and expenditures in Other Budgeted Funds. Such changes require the Governor's approval, the Joint Appropriation Review Committee's concurrence, and the Budget and Control Board's review. Departments and agencies also may request revisions of estimated revenues and appropriations for permanent improvement projects that the General Assembly did not specifically authorize. The Budget and Control Board and the Joint Bond Review Committee must approve and review these changes.

During June 1989, the General Assembly enacted a 1988-89 Supplemental Appropriation Act containing appropriation items totaling $142.7 million. This total included unconditional appropriations of $15.1 million made available for expenditure during 1988-89. The remaining $127.6 million were to be made available in August 1989, subject to the availability of sufficient funds (on the budgetary basis of accounting). Sufficient funds were available to fund a total of $68.7 million of planned items (i.e., the $15.1 million unconditional appropriations plus $53.6 million of other items). This amount is included in Reserved for Appropriations to be Carried Forward.

d. Excess of Expenditures Over Appropriations

At the level of legal control, the Technical Colleges line item had expenditures which exceeded appropriations by $3.043 million in the Other Budgeted Funds. The Technical Colleges are among those component units which have the authority under State law to maintain their own accounting systems. The Technical Colleges had sufficient budgetary-basis revenue and cash to provide for all of their expenditures.

e. Legal Limit On Appropriations

State law imposes a ceiling on appropriations for general, school, and highway purposes. The limit equals the greater of: (1) the limit for the last fiscal year increased by the average percentage rate of growth in State personal income for the previous three completed calendar years, or (2) 9.5% of the total personal income of the State for the last completed calendar year.

The 1988-89 Appropriation Act included appropriations of $3.546 billion for general, school, and highway purposes--$289.3 million less than the legal limit.

f. Legal Limit on Number of State Employees

The State's Constitution and statutes limit the number of employees that the Budgetary General Fund may fund. The number of these employees may not increase faster than the State's population. On June 30, 1989, 37,075 employees were funded by the State's Budgetary General Fund--5,641 fewer than the legal limit.

g. Reconciliation of Budget/GAAP Reporting Differences

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual (Budgetary Basis)--All Budgeted Funds presents comparisons of the State's legally adopted budget with actual data on the budgetary basis of accounting. Budgetary accounting principles, however, differ significantly from GAAP accounting principles. These different accounting principles result in basis, perspective, entity, and timing differences in the excess of revenues and other sources of financial resources over (under) expenditures and other uses of financial resources. These differences (expressed in thousands) for the fiscal year ended June 30, 1989, were:

Notes to the Financial Statements

	Financial Statement Fund Types										
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Expendable Trust	Nonexpendable Trust	Pension Trust	Agency	Higher Education	Totals (Memorandum Only)
Classification of budgetary excess of revenues and other sources over (under) expenditures and other uses into GAAP fund structure:											
Budgetary General Fund	$ 2,819	$	$	$	$	$	$	$	$	$	$ 2,819
Other Budgeted Funds	(1,744)	46,272	8,234	2,979	4,465	73	1		(1,595)	22,133	80,818
Totals	1,075	46,272	8,234	2,979	4,465	73	1		(1,595)	22,133	83,637
Timing differences										4,815	4,815
Basis differences	(62,270)	(10,981)	4,023	5,216	1,447				1,595	(16,189)	(77,159)
To record excess of revenues and other sources over (under) expenditures and other uses for unbudgeted accounts	6,648	(589)	(14,831)	64,298	6,543	109,836	45	743,028		124,899	1,039,877
GAAP financial statement excess of revenues and other sources over (under) expenditures and other uses	$(54,547)	$34,702	$(2,574)	$72,493	$12,455	$109,909	$46	$743,028	$	$135,658	$1,051,170

h. Intrafund Transactions

The State's legally adopted budget for the Budgetary General Fund includes a transfer out to a designation of fund balance and a transfer in from a reserve of fund balance. However, the corresponding transfers into or out of these accounts were not budgeted. This results in a variance because the budget column includes only half of the transaction whereas the actual column reflects both halves.

Because the GAAP General Fund has a negative Unreserved, Undesignated Fund Balance at June 30, 1989, the designation for capital and nonrecurring items is not shown on the Combined Balance Sheet. However, for budgetary purposes, $53,855 million was transferred into the designation for capital and nonrecurring items and $5.310 was transferred from the General Fund Reserve, resulting in a net budgeted intrafund transfer out of $48.545 million.

NOTE 3: DEPOSITS AND INVESTMENTS

By law, all deposits and investments are under the control of the State Treasurer except for those which by specific authority are under the control of other component units, primarily the Public Service Authority.

a. Deposits

Deposits include cash and cash equivalents on deposit in banks and non-negotiable certificates of deposit. Certificates of deposit are classified as Investments on the Combined Balance Sheet. At June 30, 1989, the carrying amount of the State's deposits was $745.4 million with corresponding bank balances of $814.2 million. Of the bank balance, $679.0 million was covered by Federal depository insurance or by collateral held by the State or by its agent in the State's name, $6.5 million was collateralized with securities held by the pledging financial institution's trust department or agent in the State's name, and $128.7 million was uncollateralized. The carrying amount of the State's deposits is classified as follows (expressed in thousands):

Description	Carrying Amount
Cash	$ 34,310
Cash on deposit with fiscal agents	381,549
Certificates of deposit reported as investments	219,128
Cash deposits reported as restricted assets	110,411
Total Deposits	$745,398

Notes to the Financial Statements

b. Investments

Legally authorized investments vary by fund, but generally include obligations of the United States and certain agencies of the United States, obligations of the State of South Carolina and certain of its political subdivisions, certificates of deposit, collateralized repurchase agreements, and certain corporate bonds.

The State classifies its investments into three risk categories. Category 1 includes investments that were insured or registered or for which the securities were held by the State or its agent in the State's name and investments for which the State has safekeeping responsibilities but no equity or ownership interest or control. Category 2 includes uninsured and unregistered investments for which the securities were held by the broker's/dealer's trust department or agent in the State's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the State's name. The State's investments by risk category (expressed in thousands) at June 30, 1989, were:

	Category				
	1	2	3	Carrying Value	Market Value
U.S. government securities	$4,904,418	$30,078	$ 11,915	$4,946,411	$5,313,674
Corporate bonds	1,705,913	–	–	1,705,913	1,737,464
Repurchase agreements	852,076	53,584	369	906,029	906,029
State institution and mortgage-backed securities	572,028	–	–	572,028	573,022
Other	166,638	1,275	308,638	476,551	479,958
Totals and subtotals	**$8,201,073**	**$84,937**	**$320,922**	8,606,932	9,010,147
Investments held by broker-dealers:					
U.S. government securities				803,424	922,777
Corporate bonds				22,498	25,415
Totals				**$9,432,854**	**$9,958,339**

The carrying value of the State's investments is classified as follows (expressed in thousands):

Description	Carrying Value
Investments	$8,702,737
Investments recorded as restricted assets	949,245
Less: Certificates of deposit	(219,128)
Total Investments	$9,432,854

c. Securities Loan Program

Through a safekeeping agent, the State lends securities for a fee from its investment portfolio on a collateralized basis to third parties, primarily financial institutions. The market value of the required collateral must meet or exceed 102% of the market value of the securities loaned, providing a margin against a decline in the market value of the collateral. Securities loaned and securities taken as collateral are all book-entry securities which are substantially similar in type, rate, and maturity for each transaction. Under this program, the State may demand return within twenty-four hours of any security previously loaned. At June 30, 1989, the State had the following amounts of securities (expressed in thousands) on loan under this program:

Description	Carrying Value
Pooled accounts	$126,716
South Carolina Retirement System	663,996
Police Officers' Retirement System	34,710
Local Government Investment Pool	500
Total	$825,922

NOTE 4: TAXES RECEIVABLE

Taxes receivable (expressed in thousands) at June 30, 1989, were:

	General Fund	Special Revenue Funds	Trust and Agency Funds
Retail sales and use	$ 79,894	$28,989	$ –
Individual income	64,639	–	–
Corporate income	5,004	–	–
Unemployment	–	–	47,462
Gasoline and motor vehicle	2,168	30,277	–
Alcoholic beverages and tobacco	3,194	–	–
Other	12,403	1,342	–
Gross taxes receivable	**167,302**	**60,608**	**47,462**
Less: Allowance for uncollectible taxes	13,790	1,103	2,030
Net taxes receivable	**$153,512**	**$59,505**	**$45,432**

Approximately $193 million of net taxes receivable pertaining to the General Fund and Special Revenue Funds were current receivables as of June 30, 1989, and were collected within thirty days after that date.

NOTE 5: FIXED ASSETS

Property, plant, and equipment (expressed in thousands) at June 30, 1989, consisted of:

Notes to the Financial Statements

	Enterprise	Internal Service	General Fixed Assets	Higher Education
Land and improvements	$ 100,633	$ 4,896	$ 79,900	$ 77,666
Buildings, improvements, and utility plant	2,340,511	108,285	580,711	997,542
Machinery, equipment, and other	33,768	78,763	603,079	527,516
Construction in progress	136,525	12,513	74,365	116,750
Property, plant, and equipment before accumulated depreciation	2,611,437	204,457	1,338,055	1,719,474
Less: accumulated depreciation	627,779	58,579		
Total property, plant, and equipment (net)	$1,983,658	$145,878	$1,338,055	$1,719,474

Changes in general fixed assets (expressed in thousands) for the year ended June 30, 1989, were:

	Balance July 1, 1988	Additions	Retirements	Balance June 30, 1989
Land and improvements	$ 80,869	$ 5,662	$ 6,631	$ 79,900
Buildings, improvements, and utility plant	506,733	74,794	816	580,711
Machinery, equipment, and other	559,442	77,190	33,553	603,079
Construction in progress	90,714	43,219	59,568	74,365
Total General Fixed Assets	$1,237,758	$200,865	$100,568	$1,338,055

Construction in progress retirements are recorded as additions to other categories of assets.

Outstanding construction commitments at June 30, 1989, totaled $448.9 million.

NOTE 6: RETIREMENT PLANS

a. Plan Descriptions

The Retirement Division of the State Budget and Control Board maintains four defined benefit retirement systems: the South Carolina Retirement System (SCRS), the South Carolina Police Officers Retirement System (PORS), the Retirement System for Members of the General Assembly of the State of South Carolina (GARS), and the Retirement System for Judges and Solicitors of the State of South Carolina (JSRS). The systems publish their own Component Unit Financial Report.

The systems provide retirement, death, and disability benefits to State employees, public school employees, and employees of counties, municipalities, and certain other State political subdivisions. Each system is independent. Assets may not be transferred from one system to another or used for any purpose other than to benefit each system's participants.

The number of participating employers, the average number of contributing members, and annual payroll amounts (dollars expressed in thousands) for each system for the year ended June 30, 1989, were:

	SCRS	PORS	GARS	JSRS
Number of employers:				
State and schools	111	1	1	1
Other	406	202	–	–
Average number of contributing members:				
State employees	61,295	7,928	170	104
School employees	71,727	–	–	–
Other employees	30,183	7,274	–	–
Covered payroll:				
State	$1,360,229	$160,116	$2,312	$7,822
Schools	1,376,748	–	–	–
Other	474,976	143,274	–	–
Total payroll (covered and noncovered):				
State	1,471,513	162,558	2,312	7,822

The numbers of retirees and beneficiaries currently receiving benefits plus the numbers of terminated employees entitled to benefits but not yet receiving them at July 1, 1988 (latest available data), were:

SCRS	PORS	GARS	JSRS
117,362	5,897	209	55

The numbers of fully vested and nonvested active employees covered by the plans at July 1, 1988 (latest available data), were:

SCRS	PORS	GARS	JSRS
157,439	14,534	208	104

b. Funding and Benefit Policies

Title 9 of the South Carolina Code of Laws of 1976 (as amended) prescribes requirements relating to membership, benefits, and employee/employer contributions for each system. The following paragraphs summarize those requirements.

SCRS is a cost-sharing multiple-employer pension system that benefits employees of public schools, the State, and its political subdivisions. Membership is required as a condition of employment. Both employers and employees must contribute. Benefits vest after five years of service. Vested members who retire at age sixty-five or with thirty years of service at any age receive an annual benefit, payable monthly for life. The benefit is based on length of service and on average final compensation, an annualized average of the employee's highest twelve consecutive quarters' compensation. Effective for the fiscal year beginning July 1, 1988, the annual benefit amount was changed from 1.25% of the first $4,800 in average final compensation plus 1.65% of average final compensation above $4,800 to 1.7% of average final compensation times years of service. On

Notes to the Financial Statements

July 1, 1989, the annual benefit formula changed to 1.82% of average final compensation times years of service. Reduced benefits are payable as early as age sixty.

PORS is a cost-sharing multiple-employer pension system that benefits police officers and fire fighters employed by the State or its political subdivisions. Membership is required as a condition of employment. Both employers and employees must contribute. Benefits vest after five years of service. Beginning July 1, 1988, members with twenty-five years of service became eligible for retirement. The benefit is based on length of service and on average final compensation, an annualized average of the employee's highest twelve consecutive quarters' compensation. Effective for the fiscal year beginning July 1, 1988, the annual benefit amount was changed from 1.75% of average final compensation to 2.0% of average final compensation times years of service. On July 1, 1989, the annual benefit formula changed to 2.14% of average final compensation times years of service. Reduced benefits are payable as early as age fifty.

GARS is a single-employer defined benefit pension system that benefits members of the South Carolina General Assembly. Membership is required as a condition of taking office as a member of the General Assembly. Both the members of the General Assembly and the State must contribute. Benefits vest after eight years of service. Vested members who retire at age sixty or at any age with thirty years of service receive an annual benefit, payable monthly for life. Prior to July 1, 1989, the annual benefit amount was 4.5% of earnable compensation times years of service. On July 1, 1989, the annual benefit formula changed to 4.82% of earnable compensation times years of service. Earnable compensation is defined as forty days' pay at the rate currently paid to members of the General Assembly plus $3,600.

JSRS is a single-employer defined benefit pension system that benefits the judges of the State's Supreme Court, Court of Appeals, circuit courts, family courts, and the State's circuit solicitors. Membership is required as a condition of taking office as a judge in these courts. Both judges and the State must contribute. Prior to July 1, 1989, members who retired at age seventy-two with ten years service, age seventy with fifteen years service, age sixty-five with twenty years service, or at any age with twenty-five years of service received an annual benefit, payable monthly for life, equal to two-thirds of the current active salary of the position occupied at retirement. On July 1, 1989, the retirement benefit formula changed to 71.3% of the current active salary of the position occupied at retirement.

c. Funding Status and Progress

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits (adjusted for the effects of projected salary increases and step-rate benefits) estimated to be payable in the future as a result of employee service to date. The State discloses this measure to help users of these financial statements to: (1) assess the systems' funding status on a going-concern basis, (2) assess progress toward accumulating sufficient assets to pay benefits when due, and (3) compare various public employee retirement systems and employers. The measure is the actuarial present value of credited projected benefits. This method is independent of the funding methods the State's consulting actuary uses to determine contributions to the systems.

Significant actuarial assumptions used to compute the pension benefit obligation at July 1, 1988 (latest available data), were:

	SCRS	PORS	GARS	JSRS
Annual interest rate (compounded annually)	7.5%	7.5%	7.5%	7.5%
Inflation	4.5%	4.5%	4.5%	4.0%
Merit or seniority increases	2.0%	2.0%	1.0%	2.0%
Post-retirement benefit increases	4.0%	4.0%	0.0%	4.0%

Effective for the fiscal year beginning July 1, 1988, the annual interest rate assumption for all four plans was increased from 7.0% to 7.5%. On July 1, 1989, the annual interest rate assumption for all four plans increased to 8.0%. Salary scales for SCRS and PORS are graded based on age. The above figures are representative of those scales. The scales of assumed rates were increased 0.5% effective July 1, 1988, for the SCRS, PORS, and GARS. Projected rates of separation due to withdrawal, death, service retirement, and disability are based on experience of the systems.

Neither SCRS nor PORS separately measures assets and pension benefit obligations for individual employers. The total unfunded pension benefit obligation for each system (expressed in thousands) at July 1, 1988 (latest available data), was:

Notes to the Financial Statements

	SCRS	PORS	GARS	JSRS	Totals
Pension benefit obligation:					
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	$2,728,000	$190,800	$10,500	$25,300	$2,954,600
Current employees--					
Accumulated employee contributions including allocated investment earnings	1,337,200	84,500	2,900	4,900	1,429,500
Employer-financed vested	928,400	87,300	3,600	5,800	1,025,100
Employer-financed nonvested	2,384,200	178,000	5,000	15,400	2,582,600
Total pension benefit obligation	**7,377,800**	**540,600**	**22,000**	**51,400**	**7,991,800**
Net assets available for benefits, at cost	5,413,700	475,000	17,400	23,800	5,929,900
Unfunded pension benefit obligation	**$1,964,100**	**$ 65,600**	**$ 4,600**	**$27,600**	**$2,061,900**
Net assets available for benefits, at market	**$5,584,100**	**$497,000**	**$17,900**	**$24,900**	**$6,123,900**

Estimated increases (decreases) in the pension benefit obligation (expressed in millions), resulting from changes made effective July 1, 1988, and described elsewhere within this note are:

	SCRS	PORS	GARS	JSRS
Change in interest assumption	$(506)	$(38)	$(2)	$(5)
Enhancements in benefit provisions	462	56	—	—
Net impact on pension benefit obligation	**$ (44)**	**$ 18**	**$(2)**	**$(5)**

Changes in interest assumptions and benefit provisions made effective July 1, 1989, result in the following estimated increases (decreases) in the pension benefit obligation at July 1, 1988 (expressed in millions):

	SCRS	PORS	GARS	JSRS
Change in interest assumption	$(610)	$(46)	$(1)	$(3)
Enhancements in benefit provisions	731	38	1	4
Net impact on pension benefit obligation	**$ 121**	**$ (8)**	**$ –**	**$ 1**

d. Contributions Required and Contributions Made

The State's consulting actuary determines employer contributions for all four systems. The systems use the projected benefit method with entry age normal cost and open-end unfunded accrued liability for this purpose. The actuary determines the actuarial present value of total benefits and allocates pension cost to each year as a level percentage of salary. In determining funding requirements, the actuary uses the same actuarial assumptions as those used to calculate the pension benefit obligation, with the following exceptions: (1) Post-retirement benefit increases were projected only for retired members and members eligible to retire under SCRS and PORS. (2) Net assets attributable to the SCRS and PORS group life insurance and the PORS accidental death programs were excluded. At July 1, 1988 (latest available data), the unfunded accrued liability liquidation periods in years were:

SCRS	PORS	GARS	JSRS
21	6	18	22

Changes in actuarial assumptions and benefit provisions made effective July 1, 1988, and described elsewhere within this note, resulted in the following changes in employer contribution rates (expressed as a percentage of compensation):

	SCRS	PORS	GARS	JSRS
Changes in actuarial assumptions	(2.05%)	(2.87%)	–	–
Enhancements in benefit provisions	2.05%	5.87%	–	–
Totals	–	3.00%	–	–

The recommended employer contributions, as percentages of compensation, for the fiscal year ended June 30, 1989, were:

	Normal Cost	Unfunded Accrued Liability	Accidental Death Program	Group Life Insurance Program	Total
SCRS--State and schools	3.74%	3.26%	–	0.15%	7.15%
SCRS--other	3.19%	2.96%	–	0.15%	6.30%
PORS	5.91%	4.39%	0.20%	0.20%	10.70%
JSRS	20.62%	19.22%	–	1.09%	40.93%

Notes to the Financial Statements

The State's contribution requirements represented 43% of contributions required of all employers participating in SCRS and 53% of contributions required of all employers participating in PORS.

The employer contribution rate for SCRS increased from 7.0% to 7.55% for State and school employers and from 6.15% to 6.7% for other SCRS employers on July 1, 1989.

For GARS, the State's recommended contribution (expressed in thousands) for the fiscal year ended June 30, 1989, was:

Normal cost	$ 699
Unfunded accrued liability	505
Group life insurance	4
Total	**$1,208**

Prior to July 1, 1988, the employee contribution rate for members of the SCRS was 4% of the first $4,800 in salary and 6% of salary over $4,800. The employee contribution rate under the PORS was 5% of salary.

By law, employee contribution requirements for the fiscal year ended June 30, 1989, were:

SCRS--State and schools	6% of salary
SCRS--other	Class I members--5% of salary; Class II members--6% of salary
PORS	Class I members--$21 per month; Class II members--6.5% of salary
GARS	10% of earnable compensation
JSRS	7% of salary

Actual contributions (expressed in thousands) for the fiscal year ended June 30, 1989, were:

	Employer Contributions	Percent of Covered Payroll	Employee Contributions	Percent of Covered Payroll
SCRS--State	$ 98,575	7.2%	$ 84,447	6.2%
SCRS--schools	98,822	7.2%	85,478	6.2%
SCRS--other	30,718	6.5%	30,009	6.3%
PORS--State	17,282	10.8%	10,809	6.8%
PORS--other	15,758	11.0%	10,294	7.2%
GARS	1,209	52.3%	319	13.8%
JSRS	3,202	40.9%	567	7.2%
Totals	**$265,566**		**$221,923**	

e. Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. The South Carolina Retirement Systems' Component Unit Financial Report for the fiscal year ended June 30, 1989, presents ten-year historical trend information on pages 16-20. An analysis of funding progress for the three latest available years is:

	SCRS	PORS	GARS	JSRS
Net assets available for benefits as a percentage of the pension benefit obligation				
July 1, 1988	73.4%	87.9%	79.2%	46.3%
June 30, 1987	74.5%	93.1%	69.8%	38.6%
June 30, 1986	73.1%	89.0%	64.5%	33.3%
Unfunded pension benefit obligation as a percentage of annual covered payroll				
July 1, 1988	55.0%	24.4%	162.0%	368.0%
June 30, 1987	58.7%	12.7%	246.2%	428.4%
June 30, 1986	58.7%	21.4%	274.0%	459.2%
State employer contributions as a percentage of annual covered payroll				
June 30, 1989	7.1%	10.9%	52.3%	40.9%
June 30, 1988	7.1%	7.8%	61.2%	41.0%
June 30, 1987	7.2%	11.2%	59.2%	40.9%

For all years shown above, the State's contributions to the systems met the actuarially determined requirements.

NOTE 7: POST-RETIREMENT BENEFITS

The State General Assembly has directed the General Fund to pay supplemental (cost-of-living) increases to retirees and fully funds the required amount annually. During the fiscal year ended June 30, 1989, the State's General Fund transferred $8.6 million to the South Carolina Retirement System and the Police Officers' Retirement System for retiree supplemental benefits.

In addition to providing pension plan and supplemental benefits, the State currently provides its retired employees with health care benefits. If this provision remains in effect, substantially all State employees who reach normal retirement age while working for the State will become eligible for those benefits. During the fiscal year ended June 30, 1989, the State's General Fund paid $29.4 million for retiree health insurance.

NOTE 8: DEFERRED COMPENSATION PLANS

Several optional deferred compensation plans are available to State employees and employees of its political subdivisions. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b) are accounted for as Agency Funds. Employees may withdraw the current value of their contributions when they terminate employment. With approval of the State's Deferred Compensation Commission, employees may also withdraw the current value of their contributions prior to termination of employment if they meet certain requirements. These requirements differ among the three plans. Compensation deferred under the Section 401(k) and 403(b) plans is placed in trust for the contributing employees. The State has no liability for losses under the plans.

Notes to the Financial Statements

Under the Section 457 plan, all deferred compensation, all property or rights of property purchased with amounts deferred, and any income earned on property purchased remain assets of the employers subject to the claims of the employers' general creditors, one of whom is the employee participant. It is unlikely, however, that the State would ever use plan assets to satisfy claims of the State's general creditors. Of the $277.4 million assets in the Section 457 plan at December 31, 1988, $156.9 million was applicable to the State while the remaining $120.5 million represented assets of other participating jurisdictions.

NOTE 9: LEASES AND INSTALLMENT PURCHASES

a. Lease and Installment Purchase Commitments

The State leases land, office facilities, equipment, and other assets under both capital and operating leases. In addition, the State purchases some assets on the installment plan. The present value of future minimum capital lease and installment purchase payments and minimum annual lease payments for operating leases, capital leases, and installment purchases (expressed in thousands) follow:

	Capital Leases and Installment Purchases				
Fiscal Year Ending June 30	Enterprise Funds	Internal Service Funds	Long-Term Obligations Account Group	Higher Education Funds	Operating Leases
1990	$ 5,459	$ 11,233	$2,736	$ 5,644	$ 25,388
1991	5,394	10,009	1,508	3,927	18,980
1992	5,309	9,878	1,132	2,851	15,637
1993	5,303	9,849	194	1,983	13,402
1994	5,250	7,157	14	1,668	8,463
1995 and after	70,259	57,677	–	8,202	21,869
Total minimum payments	96,974	105,803	5,584	24,275	$103,739
Less: interest and executory costs	30,134	41,502	764	7,327	
Present value of net minimum payments	$66,840	$ 64,301	$4,820	$16,948	

Operating lease payments during the fiscal year ended June 30, 1989, totaled $35.4 million.

b. Facilities Leased to Others

Non-State parties lease certain land and facilities from the South Carolina Ports Authority (Ports Authority), an Enterprise Fund, under operating leases. At June 30, 1989, the Ports Authority had leased to others land and facilities costing approximately $85.7 million with $31.5 million of related accumulated depreciation. Future minimum payments and rent receipts at June 30, 1989, under these operating leases (expressed in thousands) were:

Fiscal Year Ended June 30	Amount
1990	$ 7,121
1991	4,200
1992	2,922
1993	1,532
1994	1,000
1995 and after	5,396
Total	$22,171

NOTE 10: BONDS AND NOTES PAYABLE

a. General Obligation Bonds and Notes

General obligation bonds and notes are backed by the full faith, credit, and taxing power of the State. General obligation bonds and notes (expressed in thousands) outstanding at June 30, 1989, were:

	Bonds	Notes
General Long-Term Obligations Account Group		
School bonds, 4.50% to 9.10%	$ 5,000	$ –
Capital improvement bonds, 3.50% to 11.00%	678,240	–
Totals--General Long-Term Obligations Account Group	683,240	–
Higher Education Funds		
State institution bonds and notes, 4.00% to 7.14%	13,870	12,055
Totals--general obligation bonds and notes payable	$697,110	$12,055

At June 30, 1989, $335 million of capital improvement bonds were authorized but unissued.

The State must pay the debt service on a portion of the bonds and notes outstanding from specific pledged revenues, which revenues are deemed sufficient to pay

Notes to the Financial Statements

both principal and interest on the bonds. The following schedule shows this portion of principal (expressed in thousands) outstanding at June 30, 1989:

Type of Bond	Type of Revenue Pledged	Principal Secured by Pledged Revenue
Capital improvement	State income tax	$35,000
State institution	Tuition	3,250
Total		$38,250

Unspecified General Fund revenues secure all other general obligation bonds and notes outstanding.

At June 30, 1989, future debt service requirements (expressed in thousands) for general obligation bonds and notes were:

Year Ending June 30	Principal	Interest	Totals
1990	$ 74,475	$ 47,845	$ 122,320
1991	64,525	42,846	107,371
1992	55,975	38,031	94,006
1993	58,665	33,973	92,638
1994	61,270	29,958	91,228
1995 and after	394,255	116,079	510,334
Totals	$709,165	$308,732	$1,017,897

The General Fund pays all debt service for general obligation bonds and notes recorded in the General Long-Term Obligations Account Group. The Higher Education Plant Funds (Retirement of Indebtedness) pay the debt service for general obligation bonds and notes recorded in the Higher Education Funds.

The State's legal debt margin at June 30, 1989, was $150.0 million for highway bonds and $34.1 million for institution bonds.

Rather than directly limiting the amount of outstanding debt, State law imposes a limitation on annual debt service expenditures. The legal annual debt service margin at June 30, 1989, for other general obligation bonds/notes, excluding tax and bond anticipation notes, was $47.3 million.

b. Revenue Bonds and Notes

Revenue bonds and notes are not backed by the full faith, credit, and taxing power of the State. Revenue bonds and notes outstanding (expressed in thousands) at June 30, 1989, were:

	Bonds	Notes
General Long-Term Obligations Account Group		
Forestry Commission notes, 8.60%	$ –	$ 500
Totals--General Long-Term Obligations Account Group	–	500
Enterprise Funds		
Public Service Authority priority obligations, 2.70% to 5.00%	56,530	–
Public Service Authority electric system expansion revenue bonds, 4.30% to 11.75%	1,775,109	–
Public Service Authority electric revenue bonds, 7.10% to 8.70%	111,512	–
Housing Authority bonds, 5.50% to 13.25%	634,649	–
Education Assistance Authority bonds, 5.30% to 15.00%	136,470	–
Ports Authority bonds, 3.50% to 11.50%	26,605	–
Patriots' Point Development Authority bonds and notes, 7.05% to 8.95%	20,838	76
Research Authority notes, 11.14%	–	7,889
Other Enterprise notes, 11.00%	–	386
Totals--Enterprise Funds	2,761,713	8,351
Higher Education Funds		
Various bonds and notes, 3.00% to 11.00%	155,253	16,049
Totals--revenue bonds and notes payable	$2,916,966	$24,900

The State has recorded its revenue bonds payable net of $37.884 million in unamortized premiums/discounts.

Certain revenue bonds require the individual enterprises to provide sufficient revenue to pay debt service and to fund all necessary expenses to run the enterprises.

At June 30, 1989, there was no revenue debt authorized but unissued.

At June 30, 1989, the State also owed the United States government $10.152 million for construction of the Trotters Shoals Lake Project. This obligation is included in Other Liabilities in the General Long-Term Obligations Account Group.

The funds that receive the proceeds of bonds and notes have pledged revenues for payment of debt service as follows:

General Long-Term Obligations Account Group
- Forestry Commission Notes: sale of timber (Departmental General Operating Fund)

Enterprise Funds
- Public Service Authority obligations: Public Service Authority Fund revenues
- State Housing Authority bonds: State Housing Authority Fund revenues
- Education Assistance Authority bonds: loan repayments and U.S. Commissioner of Education funds (State Education Assistance Authority and Student Loan Corporation Fund)
- State Ports Authority bonds: State Ports Authority Fund revenues
- Patriots' Point Development Authority bonds and notes: operating lease revenues of the Patriots' Point Development Authority Fund

Higher Education Funds
- Various higher education bonds/notes: various specific higher education revenues

Notes to the Financial Statements

At June 30, 1989, future debt service requirements (expressed in thousands) for revenue bonds and notes were:

Fiscal Year Ending June 30	Principal	Interest	Totals
1990	$ 93,081	$ 215,307	$ 308,388
1991	72,313	207,741	280,054
1992	77,488	202,872	280,360
1993	82,353	197,510	279,863
1994	85,715	191,829	277,544
1995 and after	2,568,800	2,974,276	5,543,076
Totals	$2,979,750	$3,989,535	$6,969,285

c. Defeased Bonds

During the fiscal year ended June 30, 1989, the Public Service Authority, an agency reported in the Enterprise Funds, issued $189 million in Electric System Expansion Bonds to advance refund $172 million of its Electric System Expansion Refunding Series Bonds. The new bonds bear an average interest rate of approximately 7.8% while the original bonds averaged approximately 9.3%. The net proceeds of $187.2 million (after payment of $0.4 million in underwriting fees and $1.4 million in original issue discount) plus an additional $6.7 million were used to purchase United States government securities. The agency advance refunded these bonds to reduce its total debt service payments over the next 36 years by approximately $28 million and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately $10 million.

In prior years, the State defeased certain general obligation and other bonds. For those defeasances involving advance refundings, the proceeds of the new bonds were placed in irrevocable trusts to provide for all future debt service payments on the old bonds. At June 30, 1989, the following outstanding bonds (expressed in thousands) are considered defeased:

	Enterprise Funds	General Long-Term Obligations Account Group	Higher Education Funds
Capital improvement bonds	$ –	$115,000	$ –
Public Service Authority bonds	1,355,295	–	–
Other	–	1,750	54,591
Totals	$1,355,295	$116,750	$54,591

Since adequate funds have been placed with a trustee to pay fully the principal and interest of these bonds, the liabilities are not recorded in these financial statements.

d. No-Commitment Debt

State law authorizes issuance of certain bonds for which the State assumes no responsibility for repayment. These bonds, therefore, do not appear as liabilities in the accompanying financial statements. These bonds provide low-cost capital financing for construction of private facilities deemed to be in the public interest. The State's no-commitment debt includes industrial development bonds, pollution control bonds, airport bonds, educational facilities bonds, certain State Housing Finance and Development Authority Multi-Family Bonds issued since 1985, bonds of the South Carolina Resources Authority, and debt issued by certain other State component units.

e. Commercial Paper Notes

Other Current Liabilities in the Enterprise Funds includes $50 million corresponding to a revolving credit agreement used to support the Public Service Authority's issuance of commercial paper.

f. Patriots' Point Development Authority Bonds

Patriots' Point Development Authority (Patriots' Point), is in default on $20.838 million of revenue bonds secured by the revenue of a planned hotel and marina complex. Additionally, construction in progress includes $14.694 million of costs incurred for the construction of the hotel and marina. Construction has been halted and the developer is in bankruptcy. These financial statements do not reflect the effects, if any, on the carrying amount of the revenue bonds, construction in progress, and unamortized discount that may result from actions of the bankruptcy court in accepting a plan of reorganization.

g. Issues Subsequent to June 30, 1989

Since July 1, 1989, the State has issued approximately $86 million of bonds and notes.

Notes to the Financial Statements

NOTE 11: CHANGES IN GENERAL LONG-TERM OBLIGATIONS

Changes in general long-term obligations (expressed in thousands) for the year ended June 30, 1989, were:

	Balances July 1, 1988	Increases	Decreases	Balances June 30, 1989
Notes payable	$ 600	$ –	$ (100)	$ 500
General obligation bonds	653,240	85,000	(55,000)	683,240
Capital leases	34,338	246	(29,764)	4,820
Compensated absences	89,305	58,185	(49,126)	98,364
Claims and judgments	4,794	13,243	(1,360)	16,677
Other long-term obligations	10,283	5,600	(132)	15,751
Totals	**$792,560**	**$162,274**	**$(135,482)**	**$819,352**

The table above includes the effect of the State's early buyout of $24.6 million in school bus leases which occurred in February 1989. The early buyout will save the State approximately $3 million in interest over the next four years.

NOTE 12: INTERFUND ASSETS AND LIABILITIES

Interfund assets and liabilities (expressed in thousands) for each individual fund at June 30, 1989, were:

Fund Type/Fund	Due From	Due To	Interfund Receivables	Interfund Payables	Advances To	Advances From
General						
General Fund	$ 56,203	$ 39,212	$ 8,761	$ 4,183	$ 9,900	$ 9,084
Less: eliminations	(25,467)	(25,467)	–	–	–	–
Adjusted General Fund	**30,736**	**13,745**	**8,761**	**4,183**	**9,900**	**9,084**
Special Revenue						
Departmental General Operating Fund	4,677	10,684	301	9,248	–	43
Education Improvement Act Fund	1,229	259	2,897	49	–	4
Repair, Maintenance, and Renovation Fund	485	45	–	294	–	–
Hazardous Waste Contingency Fund	191	–	–	112	–	–
Highway Department Special Revenue Fund	31,401	18,929	–	2,072	1,188	–
Water Recreation Resources Fund	91	5	–	64	–	–
Employment Security Assessment Fund	–	129	–	155	–	–
Accommodations Tax Fund	2,325	21	–	66	–	–
Energy Settlement Fund	414	632	–	328	–	–
Omnibus Crime Fund	–	352	11	1	–	3
Other Special Revenue Funds	171	33	84	108	661	3
Less: eliminations	(8,906)	(8,906)	(3,102)	(3,102)	–	–
Adjusted Special Revenue Funds	**32,078**	**22,183**	**191**	**9,395**	**1,849**	**53**
Capital Projects						
Capital Projects Fund	19,607	5,713	–	1,150	–	1,188
Less: eliminations	(583)	(583)	–	–	–	–
Adjusted Capital Projects Fund	**19,024**	**5,130**	**–**	**1,150**	**–**	**1,188**
Enterprise						
Public Service Authority	1,000	–	6,306	–	–	–
Housing Authority	1,036	53	924	–	–	–
Patriots' Point Development Authority	2	14	–	–	–	–
Canteens Fund	–	65	–	–	–	–
Patients' Compensation Fund	–	5	–	–	–	–
Education Assistance Authority	–	58	–	–	–	–
Other Enterprise Funds	–	8	–	–	–	–
Less: eliminations	(119)	(119)	–	–	–	–
Adjusted Enterprise Funds	**1,919**	**84**	**7,230**	**–**	**–**	**–**

Notes to the Financial Statements

Fund Type/Fund	Due From	Due To	Interfund Receivables	Interfund Payables	Advances To	Advances From
Internal Service						
Insurance Reserve Fund	$ 1,351	$ 46	$ 2,409	$ 317	$28,476	$ –
Health and Disability Insurance Fund	985	–	782	–	–	–
Workers' Compensation Fund	4,248	56	–	2	–	8
State Employee Unemployment Compensation Fund	–	1,102	–	58	–	–
General Services Fund	1,609	1,145	1,475	3,823	20,918	35,042
Central Supplies and Equipment Fund	1,192	6	–	1,000	–	–
Information Resources Management Fund	2,854	193	529	617	2,053	11,993
Motor Pool Fund	644	70	–	84	–	301
Highway Department Internal Service Fund	–	–	–	25	–	–
Employee Benefits Administration	–	95	–	13	–	–
Prison Industries Fund	539	71	–	15	–	–
Other Internal Services Funds	14	63	–	111	–	–
Less: eliminations	(2,847)	(2,847)	(3,654)	(3,654)	(40,471)	(40,471)
Adjusted Internal Service Funds	10,589	–	1,541	2,411	10,976	6,873
Trust and Agency						
Expendable Trust:						
Radioactive Waste Contingency Fund	138	–	–	333	–	–
Unemployment Compensation Benefits Fund	303	–	–	–	–	–
Second Injury Fund	69	81	–	162	–	–
Multi-Family Housing Fund	32	–	–	63	–	–
Other Expendable Trust Funds	34	35	–	–	–	–
Nonexpendable Trust	25	–	–	–	–	–
Pension Trust:						
South Carolina Retirement System	9,405	–	–	–	–	–
Police Officers' Retirement System	1,096	–	–	–	–	–
Judges' and Solicitors' Retirement System	22	–	–	–	–	–
Agency Funds:						
Local Government Investment Pool	–	–	1,217	–	–	–
Federal Interfund Activity Fund	466	4,699	–	62	–	–
Payroll Clearing Fund	28,362	4,754	–	91	–	–
Other Agency Funds	431	89,889	–	1,064	–	–
Less: eliminations	(36,322)	(36,322)	(1,217)	(1,217)	–	–
Adjusted Trust and Agency Funds	4,061	63,136	–	558	–	–
Higher Education						
Unrestricted Current Funds	24,101	6,743	558	6	–	20
Restricted Current Funds	2,339	9,209	–	–	–	–
Loan Funds	38	94	–	–	–	–
Endowment and Similar Funds	59	768	–	–	–	–
Unexpended Plant Funds	9,788	8,314	–	–	–	400
Renewal and Replacements Funds	130	–	–	–	–	–
Retirement of Indebtedness Funds	912	6,243	–	–	–	–
Investment in Plant Funds	–	–	–	578	–	5,107
Agency Funds	29	154	–	–	–	–
Less: eliminations	(26,548)	(26,548)	–	–	–	–
Adjusted Higher Education Funds	10,848	4,977	558	584	–	5,527
Totals--all funds	$109,255	$109,255	$18,281	$18,281	$22,725	$22,725

NOTE 13: RESIDUAL EQUITY TRANSFERS

Residual Equity Transfers Out in the General Fund and the Capital Projects Fund were recorded as additions to Contributed Capital in the Enterprise Funds and Internal Service Funds.

The $2.219 million transfer from the General Fund represents the forgiveness of an interfund loan between the General Fund and the Enterprise Funds. The $3.536 million transferred from the Capital Projects Fund represents capital improvement bond proceeds of which $1.876 million was transferred to the Enterprise Funds and $1.660 million was transferred to the Internal Service Funds.

NOTE 14: RESERVATIONS AND DESIGNATIONS OF FUND EQUITY

Reservations represent legally segregated fund equity and amounts that cannot be appropriated for future expenditure. Designations of unreserved fund equity reflect tentative plans for future use of available financial resources.

a. Retained Earnings Reserved for Special Purposes

Retained Earnings Reserved for Special Purposes in the Enterprise Funds primarily consist of South Carolina State Housing Finance and Development Authority balances reserved as required by bond indentures.

Notes to the Financial Statements

b. Reserve for Pensions and Other Benefits

This account includes amounts reserved for pension, group life, and accidental death benefits.

c. Reserves in the Higher Education Funds

Outside sources may restrict certain Higher Education Funds' resources. The financial statements present restricted fund balances as reserves. These reserves include reserves for endowments and other higher education restricted funds to be used for special purposes. Agreements with the United States government under certain student loan programs require that repayments and/or interest be returned to the grantor. Consequently, the Higher Education Loan Funds include a reserve for grants refundable to the United States government.

d. General Fund Reserve

The South Carolina Constitution requires that the State maintain a reserve to prevent deficits in the Budgetary General Fund. Effective June 30, 1988, the reserve is fully funded whenever it equals three percent of the Budgetary General Fund's revenue (budgetary basis) of the latest completed fiscal year.

If the State withdraws funds from the reserve to cover a year-end deficit, it must replace the funds within three years. The Constitution requires that at least one percent of the Budgetary General Fund revenue (budgetary basis) of the latest completed fiscal year, if so much is necessary, be restored each year following the deficit until full funding is achieved.

At June 30, 1989, the reserve was fully funded at $87.999 million.

e. Reserve for Inventories

The Governmental Funds reserve a portion of fund balance equal to year-end inventory balances to indicate that the funds are not available for appropriation.

f. Reserves for Loans, Notes Receivable, and Advances to Other Funds

Long-Term Loans, Notes Receivable, and Advances to Other Funds are assets that do not represent expendable available resources. The Governmental Funds, therefore, reserve a corresponding portion of fund balance.

g. Reserve for Appropriations to be Carried Forward

The General Fund does not use encumbrance accounting. The Reserve for Appropriations to be Carried Forward, however, is used in situations where the General Assembly has authorized Budgetary General Fund appropriations to be carried forward to the next fiscal year.

h. Reserve for School Building Aid

General Fund appropriations for school building aid do not lapse at year-end. Such amounts are reserved for State school districts until approved for use.

i. Reserve for Encumbrances

Although not required by State law, some component units use encumbrance accounting. These component units record a reserve for encumbrances.

j. Reserve for Other Special Purposes--Special Revenue Funds

The Reserve for Other Special Purposes within the Special Revenue Funds primarily consists of prepaid expenses of the Department of Highways and Public Transportation.

k. Designation for Special Purposes

Amounts Designated for Special Purposes in the Special Revenue Funds consist generally of Department of Highways and Public Transportation resources which are designated for subsequent years' expenditures, primarily for highway maintenance.

l. Designated for Capital Expenditures

The State reports the fund balance in the Capital Projects Fund as Designated for Capital Expenditures.

m. Designation for Quasi-Endowments

The Designation for Quasi-Endowments includes resources that the State's higher education institutions intend to use in a manner similar to endowments in future years.

NOTE 15: RELATED ORGANIZATIONS

These financial statements exclude certain related foundations and other organizations. (See also Note 1a, Scope of Reporting Entity.)

The most significant of these organizations include: the Carolina Research and Development Foundation; the University of South Carolina Educational Foundation; the University of South Carolina Business Partnership Foundation; the Coastal Educational Foundation, Inc., of the University of South Carolina; the Carolina Auxiliary Services; the Carolina Piedmont Foundation, Inc.; the Clemson University Foundation; the Clemson University Research Foundation; the Clinical Professional Staff of the Medical University of South Carolina; the Health Sciences Foundation of the Medical University of South Carolina; the Charleston Memorial Hospital; the Educational Television Endowment of South Carolina; the College of Charleston Foundation; the Lander Foundation; the Winthrop College Foundation; the Alumni Association of Winthrop College; the Francis Marion College Foun-

Notes to the Financial Statements

dation; the Citadel Development Foundation; the Association of Citadel Men; the Citadel's Brigadier Club; and the Friends of the State Museum.

Those organizations above that are related to higher education report total assets of approximately $172 million. During the fiscal year ended June 30, 1989, the State entered into various transactions with these organizations. Approximate amounts within the State's Higher Education Funds that represented transactions with these organizations include: receivable from foundations--$4.9 million; donations of cash and other assets from foundations--$18.7 million; expenditures (rental of foundation-owned property)--$2.4 million; and reimbursements to the State for expenses/expenditures the State incurred on behalf of foundations--$682 thousand.

During the fiscal year ended June 30, 1989, the Educational Television Endowment of South Carolina disbursed approximately $5.8 million on behalf of the State for programs, development, advertising, and other costs.

NOTE 16: SEGMENT INFORMATION--ENTERPRISE FUNDS

The State groups its Enterprise Funds into several segments which are included in the following table. The Public Service Authority produces and sells electric power. The State Housing Finance and Development Authority (Housing Authority) provides low-cost housing to the State's citizens by issuing bonds/notes and by administering Federal contracts and grants. The Ports Authority develops and maintains State harbors and seaports and handles the commerce through these ports. The Education Assistance Authority (including both the State Education Assistance Authority and the South Carolina Student Loan Corporation) makes loans to eligible students. The Research Authority develops/markets a system of research parks and develops/manages several research and development contracts. The Other segment includes the Patients' Compensation Fund, the Public Railways Commission, the Patriots' Point Development Authority, the Canteens Fund, and Other Enterprise Funds.

Segment financial information (expressed in thousands) for the fiscal year ended June 30, 1989:

	Public Service Authority	Housing Authority	Ports Authority	Education Assistance Authority	Research Authority	Other	Elimi-nations	Totals
Operating revenues	$ 546,039	$ 69,445	$ 43,959	$ 9,626	$21,018	$22,335	$ -	$ 712,422
Depreciation and amortization expense	78,208	1,665	9,354	58	393	761	-	90,439
Operating income (loss)	175,403	9,204	7,484	(4,597)	(2,336)	7,171	-	192,329
Federal revenue	-	11,086	-	6,933	-	37	-	18,056
Operating transfers:								
In	-	458	-	3,000	-	189	(458)	3,189
Out	5,180	425	-	-	-	33	(458)	5,180
Net income (loss)	46,416	9,465	8,786	4,472	(3,378)	6,732	-	72,493
Current capital contributions	-	-	1,876	-	3,781	3,444	-	9,101
Property, plant, and equipment:								
Additions	73,923	6	24,150	217	14,023	9,477	-	121,796
Retirements	7,707	48	1,492	11	5,762	73	-	15,093
Net working capital	31,734	(34,860)	8,133	34,099	2,547	(40,024)	-	1,629
Total assets	2,714,204	741,841	226,050	179,089	25,336	72,521	(119)	3,958,922
Bonds and other long-term liabilities payable from operating revenues	2,082,281	624,269	26,194	125,758	8,195	2,087	-	2,868,784
Total fund equity	509,017	76,816	193,632	35,465	12,956	22,145	-	850,031

NOTE 17: JOINT OPERATION

The Summer Nuclear Station is a joint operation owned by the Public Service Authority, a regulated electric utility reported within the State's Enterprise Funds, and the South Carolina Electric and Gas Company, a non-governmental electric utility. The Public Service Authority owns an undivided one-third interest in the Station while South Carolina Electric and Gas owns an undivided two-thirds interest. South Carolina Electric and Gas is solely responsible for the Station's management, budgeting, operation, maintenance, and decommissioning. The Public Service Authority receives one-third of the net electricity that the Station generates in return for paying one-third of the Station's costs.

In accordance with regulatory accounting practices, the State's Enterprise Funds at June 30, 1989, include Property, Plant, and Equipment of $426 million and expenses of $20.2 million which represent the State's

Notes to the Financial Statements

interest in this joint operation. The State has financed its interest in the joint operation with long-term debt. The Summer Nuclear Station is not a separate legal entity and does not prepare separate financial statements.

NOTE 18: CONTINGENCIES

a. Litigation

Included in the State's litigation is a claim filed by the Catawba Indian Nation that seeks recovery of approximately 144,000 acres of land in two of the State's counties. In the early eighteenth and nineteenth centuries, the State purchased this land from the Catawba Indian Nation. The State then sold the land to private citizens. Because the State was a participant in acquiring the land, the State will participate in any unfavorable outcomes. Some similar cases in other states have been settled through Federal legislation which provided for funding to be shared in part by both the Federal and state governments. This case has been pending in the courts for several years and is expected to take several more years to resolve.

The State presently is involved in a matter pending before the Federal courts concerning the operation of a school district. Injunctive relief granted against the State could result in the State being required to provide specific services and make certain capital expenditures. Any such expenditures would probably occur over several fiscal years.

The State also is involved in several other significant legal proceedings:

During the fiscal year, litigation initiated by individual plaintiffs challenged the State's taxing of Federal retirees' pension income while exempting State retirees' pension income. As a result of this litigation and a United States Supreme Court ruling, legislation was passed to tax State as well as Federal retirees' pension income. The issue of allowing Federal retirees to claim refunds for taxes paid in prior years, however, has not been resolved. Cases are presently pending in the court seeking tax refunds for Federal retirees.

The State is involved in litigation that challenges its Beach Management Act. The Act provides for beach protection through a forty-year program to restore the beach and dune system to its natural dynamic equilibrium. The Act contains prohibitions against building and against rebuilding in the event that currently existing structures are demolished. The Act provides limited remedies, as established by the courts, in those cases where it is determined that the rebuilding prohibition deprives the owner of the practical use of the property. In addition, in one case the State circuit court awarded a judgment against the State for an unlawful taking of property. In another case pending in Federal court, the United States District Court for the District of South Carolina upheld generally the constitutionality of the Beach Management Act. However, in this same case, the court ruled in favor of one land owner who challenged the specific restrictions placed on his property. The State is appealing the unfavorable decisions. There are several other cases raising similar claims. Counsel for the State, however, does not believe they are material to the State.

Several out-of-state insurance companies have filed claims against the State as a result of premium tax legislation passed in 1986. The suits contend that the method of tax collection is constitutionally impermissible. The claimants paid the taxes under protest and are seeking refunds. During the fiscal year ended June 30, 1989, the State trial court issued an adverse opinion against the State. The State has appealed this opinion to the South Carolina Supreme Court. However, a settlement in principle has been reached between the parties. If this settlement is fully implemented, future taxes owed by the claimants will be offset by tax credits over a five-year period. In addition, legislation will be introduced to revise the premium tax legislation. The revised legislation could result in a reduction of future tax revenues.

Although the State has accrued liabilities of $11.5 million in the General Long-Term Obligation Account Group for decisions likely to be rendered against the State, it is presently not possible for the Attorney General's Office to determine the final outcome of these cases. Should all of these cases have unfavorable outcomes, the State could incur additional losses up to approximately $200 million.

The State is involved in other legal proceedings pertaining to matters incidental to the performance of routine governmental operations. Such litigation includes cases involving the legality of certain taxes assessed by the State, claims asserted against the State arising from alleged torts, and possible violations of State and Federal laws. Unfavorable outcomes in these matters could result in the State incurring losses. These losses are not expected to have a material, adverse impact on the financial position of the funds involved.

b. Loan Guarantees

The State Education Assistance Authority (SEAA) within the State's Enterprise Funds guarantees student loans. At June 30, 1989, these loans totaled $184.6 million. The United States Department of Education (DOE) ordinarily reinsures losses under these guarantees up to 100%. If the loan default rate exceeds 5% of the loans in repayment status, however, the DOE decreases the reinsurance rate. The default rate at June 30, 1989, was less than 2%.

The State is currently involved in a legal dispute with the DOE regarding $2.7 million that the DOE considers to be excess cash reserves. The DOE is recouping the $2.7 million by not reimbursing the SEAA for defaulted loans other than those due to death or disability. The DOE will resume reimbursements to the SEAA once $2.7 million in claims submitted for reinsurance by the SEAA have been denied. If the litigation is resolved in favor of the State, the DOE will pay the SEAA the $2.7 million in denied claims.

Notes to the Financial Statements

c. Federal Grants

The State receives significant Federal grant and entitlement revenues. Compliance audits of Federal programs may identify disallowed expenditures. Disallowances by Federal program officials as a result of these audits may become liabilities of the State. The State has recorded liabilities of approximately $2.9 million as a result of audit disallowances and questioned costs pending at June 30, 1989, that will probably result in audit disallowances. The State could incur additional losses up to $71 million should pending questioned costs result in unfavorable outcomes.

It is presently not possible for management to determine the outcome of the pending audit disallowances. Based on an analysis of historical data, however, the State believes that any required reimbursements relating to the fiscal year ended June 30, 1989, or earlier years will not be material.

d. Hurricane Damage Subsequent to June 30, 1989

On September 21, 1989, Hurricane Hugo struck the South Carolina coast and continued inland causing catastrophic damage to twenty-four of the State's forty-six counties. All twenty-four of these counties were declared Federal disaster areas.

Current estimates indicate that the hurricane will have generally offsetting effects on the State's future tax revenues. While State sales tax revenues from tourism are expected to decline during the 1990 tourist season, State sales tax revenues from construction and recovery activities are expected to increase. The State also expects that the additional income generated by construction activities will increase State income tax revenues. While the overall effect on State tax revenues has not been precisely determined, studies indicate that the net effect could range from a decrease of $22 million to an increase of $5 million through December 1990.

The State estimates that hurricane damage to State-owned property exceeds $186 million. The cost to repair or replace this property is expected to be borne primarily by the State's Insurance Reserve Fund, a risk management fund, and by the Federal government for assets not covered by the Insurance Reserve Fund. Losses to State-owned property covered by the Insurance Reserve Fund exceeding the State's $5 million deductible will be borne by private insurance companies with whom the State Insurance Reserve Fund reinsures its risk.

The Federal Emergency Management Agency (FEMA) is providing the State and its citizens financial assistance through two programs. FEMA's Public Assistance Program assists in restoring publicly-owned property damaged or destroyed during this disaster. FEMA's Individual and Family Grant Recovery Program assists disaster victims in meeting expenses which cannot be met through insurance, bank loans, and other disaster assistance programs.

Under the Public Assistance Program agreement, the State will be required to contribute not more than $8.25 million over the next three years with FEMA bearing the remaining costs. Under the Individual and Family Grant Recovery Program agreement, the State will be required to contribute an estimated $17.5 million during the next year with FEMA bearing the remaining costs. The State estimates that it ultimately could incur up to $40 million in additional hurricane-related costs as a result of long-term detrimental effects to the State's highway system.

NOTE 19: DEFICIT EQUITY BALANCES

The Health and Disability Insurance Fund and the Workers' Compensation Fund had deficit equity balances at June 30, 1989. Both of these funds conduct risk management activities. At June 30, 1989, the State recorded liabilities on the accrual basis both for claims known but not paid and for claims incurred but not reported in these funds. The deficits in these funds arose because the State funds these activities on a pay-as-you-go basis, not on an accrual basis.

As a result of deficits in past years in the Health and Disability Insurance Fund, the State General Assembly provided a Supplemental Appropriation of $6.85 million to the fund during the fiscal year ended June 30, 1989. Because of a continuing deficit position, an additional $25.93 million General Fund subsidy has been appropriated for the fiscal year ended June 30, 1990. A 30% increase in premiums and substantial benefit modifications will become effective January 1, 1990. In addition, employers participating in the plans have been assessed a 5% premium surcharge for the period July 1, 1989, through December 31, 1989.

Individual funds with deficit equity balances (expressed in thousands) at June 30, 1989, were:

Fund Type/Fund	Amount of Deficit
Internal Service Funds	
Health and Disability Insurance Fund	$45,508
Workers' Compensation Fund	12,188

South Carolina State College was established in 1901 as a land grant college and has blossomed into a diversified institution serving more than 4,000 students. The Martin Luther King, Jr., Auditorium (background) is the largest auditorium on the College's Orangeburg campus.

COMBINING FINANCIAL STATEMENTS AND SCHEDULES

A bronze bust of Dr. David Bancroft Johnson, South Carolina educator and founding president of Winthrop College, holds a place of honor on the Winthrop campus against the background of the Tillman Hall bell tower.

Special Revenue Funds

Special Revenue Funds account for specific revenue sources (other than for Capital Projects, Trust, and Higher Education Funds) that are legally restricted for specified purposes. The State uses the following Special Revenue Funds:

Departmental General Operating Fund. This fund accounts for resources that are part of a particular State component unit's or agency's General Fund but are not part of the State's General Fund. These resources include significant amounts of Federal grant receipts.

Education Improvement Act Fund. This fund accounts for the special additional one-percent sales tax levied to be used exclusively for improvements in elementary and secondary school education.

Repair, Maintenance, and Renovation Fund. This fund accounts for State bond proceeds and other permanent improvement project resources to be expended for approved repair, maintenance, renovation, and alteration projects.

Hazardous Waste Contingency Fund. This fund accounts for fees collected from generators of hazardous wastes and from owners and operators of hazardous waste storage facilities. These fees must be used to cover the State's costs in governmental actions involving uncontrolled hazardous waste sites.

Highway Department Special Revenue Fund. This fund accounts for the various gasoline taxes, fees, fines, and Federal grant resources used by the Department of Highways and Public Transportation for its general operations. These operations include highway maintenance and repair, highway safety and law enforcement, and licensing/registration of drivers and vehicles.

Water Recreation Resources Fund. The revenues in this fund come from watercraft gasoline taxes. These revenues must be used for water recreational resources and are allocated to counties for this purpose.

Employment Security Assessment Fund. This fund accounts for assessments made on employers to cover the administrative costs of the Employment Security Commission. These revenues must be used by the Employment Security Commission in assisting with re-employment, supplementing basic employment services, and providing employment services.

Accommodations Tax Fund. This fund accounts for a special additional two-percent sales tax on the gross proceeds on the rental of transient accommodations. These revenues are allocated to counties in accordance with State law. State law also specifies how the counties must use these allocations.

Energy Settlement Fund. Revenues received from court-ordered settlements resulting from oil overcharges by various oil companies are accounted for in this fund. These resources must be used for energy-related programs designed to benefit all categories of the State's petroleum product consumers.

Omnibus Crime Fund. This fund accounts for court fees remitted to the State by local court systems. These fees must be used for certain programs administered by the Department of Parole and Community Corrections.

Other Special Revenue Funds. These funds, aggregated for reporting purposes, account for various other revenues which must be used for specific purposes. These include operations of various agricultural boards, forest renewal programs, and medical and dental scholarships.

Through South Carolina's technical colleges, sixteen different associate degree programs in engineering technology are offered on thirteen campuses, and students are able to train on computer-aided design equipment.

Combining Balance Sheet

SPECIAL REVENUE FUNDS

June 30, 1989
(Expressed in Thousands)

	Departmental General Operating	Education Improvement Act	Repair, Maintenance, and Renovation	Hazardous Waste Contingency	Highway Department Special Revenue
ASSETS					
Cash	$ –	$ 1,708	$ –	$ –	$ –
Investments	99,058	14,531	2,747	13,574	206,683
Receivables (net):					
Accounts	25,145	199	–	200	2,256
Taxes	–	23,242	–	–	29,606
Loans and notes	11,789	–	–	–	–
Due from Federal government and other grantors	130,083	–	–	–	150
Due from other funds	4,677	1,229	485	191	31,401
Interfund receivables	301	2,897	–	–	–
Advances to other funds	–	–	–	–	1,188
Inventories	6,240	–	–	–	12,413
Other assets	–	–	–	–	1,715
Total assets	**$277,293**	**$43,806**	**$3,232**	**$13,965**	**$285,412**
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	$ 96,657	$ 1,432	$ 631	$ 8	$ 17,207
Tax refunds payable	–	39	–	–	68
Intergovernmental payables	51,398	1,525	–	27	–
Due to other funds	10,684	259	45	–	18,929
Interfund payables	9,248	49	294	112	2,072
Advances from other funds	43	4	–	–	–
Deferred revenues and deferred credits	25,241	664	7	–	202
Other liabilities	219	–	41	–	4,090
Total liabilities	**193,490**	**3,972**	**1,018**	**147**	**42,568**
Fund balances:					
Reserved for:					
Inventories	6,240	–	–	–	12,413
Advances to other funds	–	–	–	–	1,188
Long-term loans and notes receivable	11,789	–	–	–	–
Other special purposes	–	–	–	–	1,715
Unreserved:					
Designated for special purposes	–	–	–	–	126,469
Undesignated	65,774	39,834	2,214	13,818	101,059
Total fund balances	**83,803**	**39,834**	**2,214**	**13,818**	**242,844**
Total liabilities and fund balances	**$277,293**	**$43,806**	**$3,232**	**$13,965**	**$285,412**

Water Recreation Resources	Employment Security Assessment	Accommodations Tax	Energy Settlement	Omnibus Crime	Other Special Revenue	Eliminations	Totals
$ –	$ –	$ –	$ –	$ 394	$ 893	$ –	$ 2,995
3,406	4,067	3,640	36,858	4,916	6,322	–	395,802
–	–	–	468	–	99	–	28,367
93	1,299	5,265	–	–	–	–	59,505
–	–	–	–	–	2,237	–	14,026
–	–	–	–	–	423	–	130,656
91	–	2,325	414	–	171	(8,906)	32,078
–	–	–	–	11	84	(3,102)	191
–	–	–	–	–	661	–	1,849
–	–	–	–	–	–	–	18,653
–	–	–	–	–	–	–	1,715
$3,590	$5,366	$11,230	$37,740	$5,321	$10,890	$(12,008)	$685,837
$ 18	$ 177	$ –	$ 69	$ 240	$ 218	$ –	$ 116,657
–	–	5	–	–	–	–	112
–	–	11,060	94	–	–	–	64,104
5	129	21	632	352	33	(8,906)	22,183
64	155	66	328	1	108	(3,102)	9,395
–	–	–	–	3	3	–	53
1	41	32	–	–	892	–	27,080
–	–	–	–	–	–	–	4,350
88	502	11,184	1,123	596	1,254	(12,008)	243,934
–	–	–	–	–	–	–	18,653
–	–	–	–	–	661	–	1,849
–	–	–	–	–	2,236	–	14,025
–	–	–	–	–	–	–	1,715
–	–	–	–	–	–	–	126,469
3,502	4,864	46	36,617	4,725	6,739	–	279,192
3,502	4,864	46	36,617	4,725	9,636	–	441,903
$3,590	$5,366	$11,230	$37,740	$5,321	$10,890	$(12,008)	$685,837

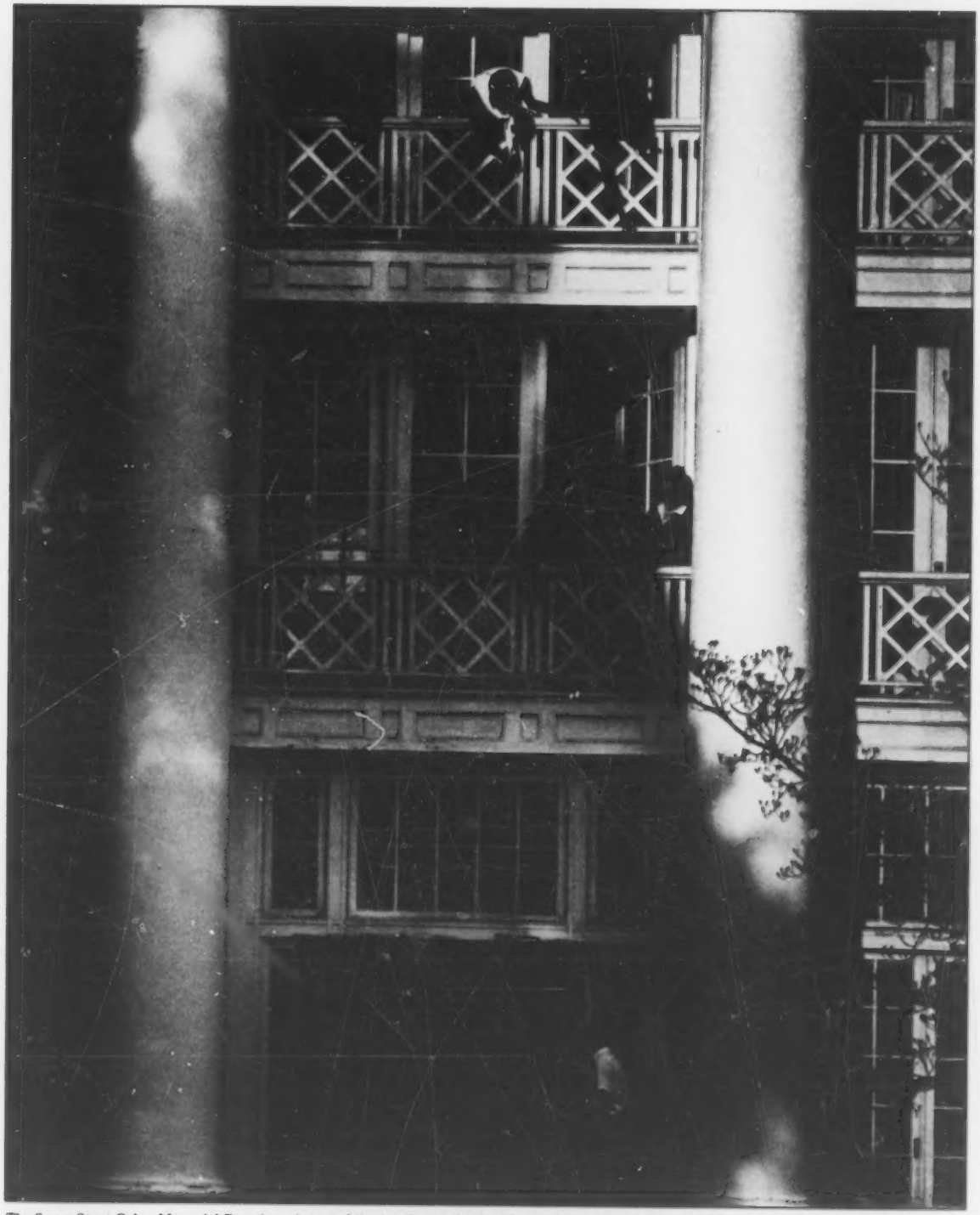
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

SPECIAL REVENUE FUNDS

For the Fiscal Year Ended June 30, 1989
(Expressed in Thousands)

	Departmental General Operating	Education Improvement Act	Repair, Maintenance, and Renovation	Hazardous Waste Contingency	Highway Department Special Revenue
Revenues:					
Taxes	$ 2,175	$268,491	$ –	$ –	$311,301
Licenses, fees, and permits	15,705	–	–	3,745	81,112
Interest and other investment income	716	1,760	–	962	4,454
Federal	1,036,797	–	550	–	4,329
Departmental services	85,913	–	231	501	13,653
Contributions	11,446	–	–	–	–
Other	53,757	–	839	–	2,157
Total revenues	1,206,509	270,251	1,620	5,208	417,006
Expenditures:					
Current:					
General governmental	15,381	109	1,344	–	–
Education	76,292	9,416	218	–	–
Individual and family services	759,088	947	1,653	620	–
Administration of justice	14,867	596	3,138	–	–
Resources and economic development	37,408	–	800	–	–
Transportation	363	–	31	–	248,643
Capital outlay	–	–	–	–	38,634
Debt service:					
Principal retirement	687	–	–	–	110
Interest and fiscal charges	113	–	–	–	–
Intergovernmental	284,648	250,214	–	–	–
Total expenditures	1,188,847	261,282	7,184	620	287,387
Revenues over (under) expenditures	17,662	8,969	(5,564)	4,588	129,619
Other financing sources (uses):					
Lease and installment debt proceeds	–	–	–	–	–
Operating transfers in	24,283	–	6,184	–	13,467
Operating transfers out	(20,382)	(8,387)	(955)	–	(133,308)
Total other financing sources (uses)	3,901	(8,387)	5,229	–	(119,841)
Revenues and other sources over (under) expenditures and other uses	21,563	582	(335)	4,588	9,778
Fund balances, July 1, 1988	60,517	39,252	2,549	9,230	232,052
Increases in reserve for inventories	1,723	–	–	–	1,014
Fund balances, June 30, 1989	$ 83,803	$ 39,834	$ 2,214	$13,818	$242,844

Water Recreation Resources	Employment Security Assessment	Accommodations Tax	Energy Settlement	Omnibus Crime	Other Special Revenue	Eliminations	Totals
$ 318	$5,161	$14,866	$ –	$ –	$ 17	$ –	$ 602,329
–	–	–	–	1,100	1,625	–	103,287
–	–	–	2,848	–	261	–	11,001
–	–	–	–	–	429	–	1,042,105
3	–	–	–	–	74	–	100,375
–	–	–	–	–	–	–	11,446
–	–	13	1,573	5,436	135	–	63,910
321	5,161	14,879	4,421	6,536	2,541	–	1,934,453
–	4,970	–	281	12	2,950	–	25,047
–	–	–	–	–	–	–	85,926
–	–	–	–	–	479	–	762,787
–	–	–	–	7,287	143	–	26,031
211	–	–	–	–	735	–	39,154
–	–	–	–	–	–	–	249,037
–	–	–	–	–	–	–	38,634
–	–	–	–	1	–	–	798
–	–	–	–	–	–	–	113
373	–	14,989	3,180	–	485	–	553,889
584	4,970	14,989	3,461	7,300	4,792	–	1,781,416
(263)	191	(110)	960	(764)	(2,251)	–	153,037
–	–	–	–	3	–	–	3
3	–	–	–	1	2,859	(42,261)	4,536
–	–	–	(638)	(1,465)	–	42,261	(122,874)
3	–	–	(638)	(1,461)	2,859	–	(118,335)
(260)	191	(110)	322	(2,225)	608	–	34,702
3,762	4,673	156	36,295	6,950	9,028	–	404,464
–	–	–	–	–	–	–	2,737
$3,502	$4,864	$ 46	$36,617	$4,725	$9,636	$ –	$ 441,903



The Susan Stout Coker Memorial Dormitory is one of the best-known landmarks on the campus of Coker College in Hartsville. The dormitory, whose traditional Richardson, Dunbar, and Spivey Porches are its entrances, was built in 1914 and named in honor of the wife of the College's founder, Major James Lide Coker.

Enterprise Funds

Enterprise Funds account for business-like State activities that provide goods and/or services to the public. These funds are financed primarily through user charges. The State maintains the following Enterprise Funds:

Public Service Authority. The Public Service Authority produces and sells electric power to individuals, businesses, electric cooperatives, and municipal power departments.

Housing Authority. The State Housing Finance and Development Authority facilitates medium-income and low-income housing opportunities by providing reasonable financing to the State's citizens. To provide such financing, the Authority issues bonds and notes and administers Federal grants and contracts. The Authority is supported primarily by mortgage interest.

Ports Authority. The Ports Authority develops and maintains State-owned harbors and seaports. It handles the commerce through these harbors and is responsible for the operation of six ocean terminals. The Authority operates on fees charged to users of the facilities and services of the Ports Authority.

Public Railways Commission. The Public Railways Commission owns and operates railroad lines, yards, and switching activities near or around certain State ports. The Commission's operations are financed by user charges and leasing fees.

Patriots' Point Development Authority. The Patriots' Point Development Authority is responsible for developing and operating the Patriots' Point area near Charleston, including a Naval Museum. The Authority is supported by user fees.

Canteens Fund. This fund accounts for certain self-supporting canteen operations at State institutions. These canteens serve the institutions' inmates, patients, and visitors.

Patients' Compensation Fund. This fund provides medical malpractice insurance to any public or private health care provider within the State.

Education Assistance Authority. This fund includes the operations of the State Education Assistance Authority and the South Carolina Student Loan Corporation. The Authority issues bonds and makes loans to students of the State to enable them to attend higher education institutions. Resources include interest charges, subsidies from the United States Department of Education, investment earnings, and some State appropriations.

Research Authority. The South Carolina Research Authority is developing and marketing a system of research parks as well as developing and managing research and development contracts. The Authority's purpose is to foster research capabilities in the State's public and private universities.

Other Enterprise Funds. Other enterprise activities of the State include operation of the Carolina Cup Racing Association, Inc., and operation of the Carolina Capital Investment Corporation and certain other programs of the Jobs Economic Development Authority.

Furman University professor Dr. Tom Cloer, Jr., receives the 1988-89 Professor of the Year Award from South Carolina Governor Carroll A. Campbell. Furman, with more than 3,000 students on its campus near Greenville, enjoys a national reputation for academic excellence.

Combining Balance Sheet

ENTERPRISE FUNDS

June 30, 1989
(Expressed in Thousands)

	Public Service Authority	Housing Authority	Ports Authority	Public Railways Commission
ASSETS				
Current assets:				
Cash	$ 120	$ 24	$ 419	$ 194
Investments	34,602	3,825	4,397	3,380
Receivables, net:				
Accounts	58,196	–	6,559	889
Loans and notes	–	–	–	–
Due from Federal government and other grantors	–	–	–	–
Due from other funds	1,000	1,036	–	–
Interfund receivables	6,306	924	–	–
Inventories	49,736	–	797	249
Other current assets	4,680	87	2,185	31
Deferred charges	–	–	–	–
Total current assets	154,640	5,896	14,357	4,743
Long-term and restricted assets:				
Investments, cost or amortized cost	–	–	–	–
Receivables, net:				
Student loans	–	–	–	–
Loans and notes	–	–	–	–
Restricted assets	290,269	735,687	29,831	–
Other long-term assets	–	–	–	–
Deferred charges	514,491	–	285	–
Total long-term and restricted assets	804,760	735,687	30,116	–
Property, plant, and equipment:				
Land and improvements	–	–	87,662	5,292
Buildings and improvements	–	–	131,293	766
Utility plant	2,192,555	–	–	–
Machinery, equipment, and other	525	388	24,948	39
Construction in progress	102,779	–	19,052	–
Less: accumulated depreciation	(541,055)	(130)	(81,378)	(1,224)
Total property, plant, and equipment, net	1,754,804	258	181,577	4,873
Total assets	**$2,714,204**	**$741,841**	**$226,050**	**$9,616**

Patriots' Point Development Authority	Canteens	Patients' Compensation	Education Assistance Authority	Research Authority	Other Enterprise	Elimina-tions	Totals
$ 21	$ 338	$ 391	$ 2,502	$ 1,505	$ 619	$ –	$ 6,133
843	–	–	44,732	–	–	–	91,779
81	250	103	1,481	22	52	–	67,633
–	–	–	–	–	22	–	22
–	–	–	3,224	5,205	6	–	8,435
2	–	–	–	–	–	(119)	1,919
–	–	–	–	–	–	–	7,230
111	656	–	–	–	–	–	51,549
16	–	–	26	–	8	–	7,033
–	–	–	–	–	3	–	3
1,074	1,244	494	51,965	6,732	710	(119)	241,736
–	1,861	26,777	–	–	198	–	28,836
–	–	–	126,657	–	–	–	126,657
–	–	–	–	–	117	–	117
3,369	–	–	–	–	500	–	1,059,656
3,379	–	–	–	–	–	–	3,379
–	–	–	–	107	–	–	514,883
6,748	1,861	26,777	126,657	107	815	–	1,733,528
2,917	–	–	–	4,762	–	–	100,633
1,544	–	–	–	13,697	656	–	147,956
–	–	–	–	–	–	–	2,192,555
5,918	432	16	670	715	117	–	33,768
14,694	–	–	–	–	–	–	136,525
(2,775)	(240)	(4)	(203)	(677)	(93)	–	(627,779)
22,298	192	12	467	18,497	680	–	1,983,658
$30,120	**$3,297**	**$27,283**	**$179,089**	**$25,336**	**$2,205**	**$(119)**	**$3,958,922**

Continued on Next Page

Combining Balance Sheet

ENTERPRISE FUNDS (Continued)

June 30, 1989
(Expressed in Thousands)

	Public Service Authority	Housing Authority	Ports Authority	Public Railways Commission
LIABILITIES AND FUND EQUITY				
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	$ 35,539	$ 27,270	$ 3,892	$ 537
Intergovernmental payables	–	–	–	–
Insurance claims incurred but not reported	–	–	–	–
Due to other funds	–	53	–	–
Deferred revenues	–	–	–	–
Deposits	5,023	2,935	–	–
Liabilities payable from restricted assets	–	–	–	440
Notes payable	–	–	–	–
Revenue bonds payable	17,012	10,380	870	–
Capital lease and installment debt obligations payable	–	–	45	–
Compensated absences payable	–	91	–	149
Other current liabilities	65,332	27	1,417	121
Total current liabilities	122,906	40,756	6,224	1,247
Long-term liabilities:				
Accrued liabilities	68,801	–	–	–
Deferred revenues and deferred credits	7,917	–	–	1,670
Deferred compensation	–	–	–	–
Notes payable	–	–	–	–
Revenue bonds payable	1,926,139	624,269	25,735	–
Capital lease and installment debt obligations payable	66,111	–	459	–
Other long-term liabilities	13,313	–	–	–
Total long-term liabilities	2,082,281	624,269	26,194	1,670
Total liabilities	2,205,187	665,025	32,418	2,917
Fund Equity:				
Contributed capital	34,438	–	139,273	4,462
Retained earnings:				
Reserved for special purposes	–	72,083	–	–
Unreserved	474,579	4,733	54,359	2,237
Total fund equity	509,017	76,816	193,632	6,699
Total liabilities and fund equity	$2,714,204	$741,841	$226,050	$9,616

Patriots' Point Development Authority	Canteens	Patients' Compensation	Education Assistance Authority	Research Authority	Other Enterprise	Elimina-tions	Totals
$ 4,194	$ 456	$13,835	$ 3,129	$ 3,858	$ 87	$ –	$ 92,797
–	–	–	2,740	–	–	–	2,740
–	–	4,894	–	–	–	–	4,894
14	65	5	58	–	8	(119)	84
–	–	2,318	–	327	–	–	2,645
–	–	–	–	–	–	–	7,958
–	–	–	–	–	–	–	440
38	–	–	–	–	206	–	244
20,838	–	–	11,440	–	–	–	60,540
–	–	–	–	–	–	–	45
–	61	10	9	–	13	–	333
–	–	–	490	–	–	–	67,387
25,084	582	21,062	17,866	4,185	314	(119)	240,107
–	–	–	–	–	–	–	68,801
–	–	–	–	–	–	–	9,587
–	–	–	–	81	–	–	81
38	–	–	–	7,889	180	–	8,107
–	–	–	125,030	–	–	–	2,701,173
–	–	–	–	225	–	–	66,795
–	–	199	728	–	–	–	14,240
38	–	199	125,758	8,195	180	–	2,868,784
25,122	**582**	**21,261**	**143,624**	**12,380**	**494**	**(119)**	**3,108,891**
6,628	16	–	–	11,234	1,000	–	197,051
–	–	–	1,621	–	83	–	73,787
(1,630)	2,699	6,022	33,844	1,722	628	–	579,193
4,998	**2,715**	**6,022**	**35,465**	**12,956**	**1,711**	**–**	**850,031**
$30,120	**$3,297**	**$27,283**	**$179,089**	**$25,336**	**$2,205**	**$(119)**	**$3,958,922**

Combining Statement of Revenues, Expenses, and Changes in Fund Equity

ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 1989
(Expressed in Thousands)

	Public Service Authority	Housing Authority	Ports Authority	Public Railways Commission
Operating revenues:				
Charges for services	$546,039	$ 2,465	$ 43,959	$1,854
Contributions	–	–	–	–
Interest and other investment income	–	66,980	–	–
Other operating revenues	–	–	–	–
Total operating revenues	546,039	69,445	43,959	1,854
Operating expenses:				
General operations and administration	317,151	2,164	27,121	2,192
Benefits and claims	–	–	–	–
Interest	–	54,012	–	–
Depreciation and amortization	78,208	1,665	9,354	120
Costs to be recovered from future revenues	(28,102)	–	–	–
Other operating expenses	3,379	2,400	–	–
Total operating expenses	370,636	60,241	36,475	2,312
Operating income (loss)	175,403	9,204	7,484	(458)
Nonoperating revenues (expenses):				
Interest income	25,749	–	2,260	254
Federal revenue	–	11,086	–	–
Interest expense	(149,420)	–	(1,395)	(109)
Other nonoperating revenues (expenses)	(136)	(10,858)	437	398
Total nonoperating revenues (expenses)	(123,807)	228	1,302	543
Income (loss) before operating transfers	51,596	9,432	8,786	85
Operating transfers in	–	458	–	–
Operating transfers out	(5,180)	(425)	–	–
Net income (loss)	46,415	9,465	8,786	85
Retained earnings (deficit), July 1, 1988	428,163	67,351	45,573	2,152
Retained earnings (deficit), June 30, 1989	474,579	76,816	54,359	2,237
Contributed capital, July 1, 1988	34,438	–	137,397	4,243
Additions to contributed capital	–	–	1,876	219
Deductions from contributed capital	–	–	–	–
Fund equity, June 30, 1989	$509,017	$76,816	$193,632	$6,699

Patriots' Point Development Authority	Canteens	Patients' Compensation	Education Assistance Authority	Research Authority	Other Enterprise	Elimina-tions	Totals
$3,254	$8,745	$ –	$ 1,247	$21,008	$ 466	$ –	$629,037
–	–	–	–	10	72	–	82
–	–	1,980	8,379	–	89	–	77,428
–	–	5,875	–	–	–	–	5,875
3,254	8,745	7,855	9,626	21,018	627	–	712,422
3,248	7,859	164	2,813	22,831	518	–	386,061
–	–	138	–	–	–	–	138
–	–	–	7,477	–	16	–	61,505
558	42	2	58	393	39	–	90,439
–	–	–	–	–	–	–	(28,102)
31	19	5	3,875	130	213	–	10,052
3,837	7,920	309	14,223	23,354	786	–	520,093
(583)	825	7,546	(4,597)	(2,336)	(159)	–	192,329
35	–	29	–	68	6	–	28,401
–	–	–	6,933	–	37	–	18,056
(1,427)	–	–	–	(888)	(30)	–	(153,269)
–	198	–	(864)	(222)	14	–	(11,033)
(1,392)	198	29	6,069	(1,042)	27	–	(117,845)
(1,975)	1,023	7,575	1,472	(3,378)	(132)	–	74,484
–	–	–	3,000	–	189	(458)	3,189
–	(33)	–	–	–	–	458	(5,180)
(1,975)	990	7,575	4,472	(3,378)	57	–	72,493
345	1,709	(1,553)	30,993	5,100	654	–	580,487
(1,630)	2,699	6,022	35,465	1,722	711	–	652,980
4,409	11	–	–	7,453	–	–	187,951
2,219	6	–	–	3,781	1,000	–	9,101
–	(1)	–	–	–	–	–	(1)
$4,998	$2,715	$ 6,022	$35,465	$12,956	$1,711	$ –	$850,031

Combining Statement of Changes in Financial Position

ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 1989
(Expressed in Thousands)

	Public Service Authority	Housing Authority	Ports Authority	Public Railways Commission
Sources of working capital:				
Operations:				
Net income(loss)	$ 46,416	$ 9,465	$ 8,786	$ 85
Items not requiring (providing) working capital:				
Depreciation and amortization	78,208	1,665	9,354	120
Loss on disposition of property and equipment	–	–	749	–
Other	(9,477)	(1,593)	(16)	–
Total sources (uses) from operations	115,147	9,537	18,873	205
Decreases in net investment in lease	–	–	–	–
Decreases in restricted assets	15,660	–	–	55
Increases in accrued liabilities	579	–	–	–
Increases in notes payable	–	–	–	–
Increases in revenue bonds payable	–	30,478	16,825	–
Increases in capital lease and installment debt obligations payable	–	–	–	–
Increases in other long-term liabilities	3,987	–	–	–
Additions to contributed capital	–	–	1,876	219
Total sources of working capital	135,373	40,015	37,574	479
Uses of working capital:				
Increases in long-term investments	–	–	–	–
Increases in student loans receivable, net	–	–	–	–
Increases in loans and notes receivable, net	–	–	–	–
Increases in restricted assets	–	39,564	12,854	–
Increases in other long-term assets	–	–	–	–
Increases in deferred charges	42,175	–	178	–
Decreases in advances from other funds	–	–	–	–
Decreases in deferred revenues and deferred credits	8,655	–	–	128
Reductions of notes payable	–	–	–	–
Reductions of revenue bonds payable	12,193	–	–	–
Reductions of capital lease and installment debt obligations payable	2,838	–	38	–
Decreases in other long-term liabilities	–	–	–	–
Acquisitions of property and equipment	73,923	6	24,150	81
Total uses of working capital	139,784	39,570	37,220	209
Net increases (decreases) in working capital	$ (4,411)	$ 445	$ 354	$270

Patriots' Point Development Authority	Canteens	Patients' Compensation	Education Assistance Authority	Research Authority	Other Enterprise	Elimina-tions	Totals
$ (1,975)	$ 990	$7,575	$ 4,472	$ (3,378)	$ 57	$ –	$ 72,493
558	42	2	58	393	39	–	90,439
–	15	–	2	–	–	–	766
(183)	(1)	–	–	5,754	–	–	(5,516)
(1,600)	1,046	7,577	4,532	2,769	96	–	158,182
5,190	–	–	–	–	–	–	5,190
4,469	–	–	–	–	–	(20,184)	–
–	–	–	–	–	–	–	579
–	–	–	–	7,889	–	(88)	7,801
–	–	–	52,085	–	–	(33,010)	66,378
–	–	–	–	225	–	(225)	–
–	–	199	–	–	–	(533)	3,653
2,219	6	–	–	3,781	1,000	–	9,101
10,278	**1,052**	**7,776**	**56,617**	**14,664**	**1,096**	**(54,040)**	**250,884**
–	731	5,930	–	–	125	–	6,786
–	–	–	56,446	–	–	–	56,446
–	–	–	–	–	117	–	117
–	–	–	–	–	500	(20,184)	32,734
636	–	–	–	–	–	–	636
–	–	–	–	107	–	–	42,460
2,102	–	–	–	–	–	–	2,102
–	–	–	–	–	–	–	8,783
38	–	–	–	–	50	(88)	–
20,817	–	–	–	–	–	(33,010)	–
–	–	–	–	–	–	(225)	2,651
–	–	–	533	–	–	(533)	–
9,250	71	1	217	14,023	74	–	121,796
32,843	**802**	**5,931**	**57,196**	**14,130**	**866**	**(54,040)**	**274,511**
$(22,565)	**$ 250**	**$1,845**	**$ (579)**	**$ 534**	**$ 230**	**$ –**	**$(23,627)**

Continued on Next Page

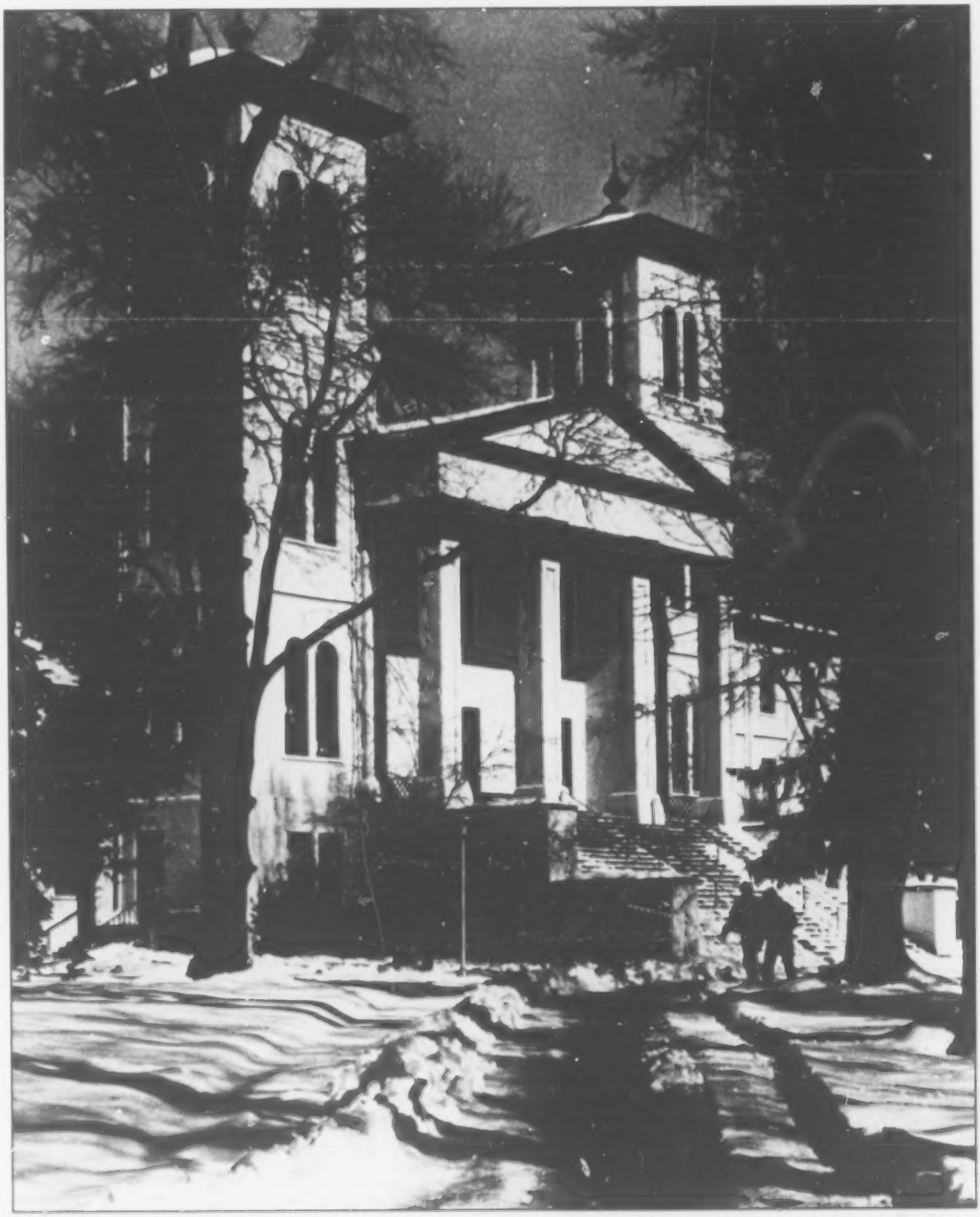
Combining Statement of Changes in Financial Position

ENTERPRISE FUNDS (Continued)

For the Fiscal Year Ended June 30, 1989
(Expressed in Thousands)

	Public Service Authority	Housing Authority	Ports Authority	Public Railways Commission
Components of net increases (decreases) in working capital:				
Cash	$ (4,757)	$ (640)	$ (231)	$194
Investments	4,375	920	361	16
Accounts receivable, net	3,909	–	(13)	368
Loans and notes receivable-current portion	–	–	–	–
Due from Federal government and other grantors	–	–	–	–
Due from other funds	1,000	834	–	–
Interfund receivables	6,306	924	–	–
Inventories	1,754	–	159	(32)
Other current assets	2,782	(128)	479	(81)
Deferred charges	–	–	–	–
Accounts payable and accrued liabilities	(4,469)	(1,248)	808	(185)
Intergovernmental payables	–	–	–	–
Insurance claims incurred but not reported	–	–	–	–
Due to other funds	–	(4)	–	–
Interfund payables	–	–	–	151
Deferred revenues	–	–	–	26
Deposits	(52)	45	–	–
Liabilities payable from restricted assets	–	–	–	(166)
Notes payable	–	–	–	–
Revenue bonds payable	(17,012)	(255)	(50)	–
Capital lease and installment debt obligations payable	–	–	98	–
Compensated absences payable	–	(9)	–	20
Other current liabilities	1,753	6	(1,257)	(41)
Net increases (decreases) in working capital	**$ (4,411)**	**$ 445**	**$ 354**	**$270**

Patriots' Point Development Authority	Canteens	Patients' Compensation	Education Assistance Authority	Research Authority	Other Enterprise	Elimina-tions	Totals
$ (170)	$202	$ (496)	$ 787	$ 811	$399	$ –	$ (3,901)
338	–	–	13,219	–	–	–	19,229
1	250	(12)	(207)	(73)	41	–	4,264
–	–	–	(39)	–	22	–	(17)
–	–	–	1,910	(114)	1	–	1,797
2	–	–	–	–	(40)	(77)	1,719
–	–	–	–	–	–	151	7,381
7	70	–	–	–	–	–	1,958
(13)	–	–	14	–	(2)	–	3,051
–	–	–	–	–	3	–	3
(2,013)	(241)	1,593	(1,566)	84	(43)	–	(7,280)
–	–	–	(2,700)	–	–	–	(2,700)
–	–	490	–	–	–	–	490
5	(25)	(1)	(58)	–	(4)	77	(10)
116	–	–	–	–	–	(151)	116
–	–	271	–	(220)	–	–	77
–	–	–	–	–	–	–	(7)
–	–	–	–	–	–	–	(166)
–	–	–	–	–	(146)	–	(146)
(20,838)	–	–	(11,440)	–	–	–	(49,595)
–	–	–	–	46	–	–	144
–	(6)	–	(9)	–	(1)	–	(5)
–	–	–	(490)	–	–	–	(29)
$(22,565)	$250	$1,845	$ (579)	$ 534	$230	$ –	$(23,627)



Old Main Building on the Wofford College campus was built in Italian villa style between 1851 and 1854 and remains the college's principal building. Wofford, with an enrollment of 1,100 students, was recognized this year in a national survey as being among the region's top academic institutions.

Internal Service Funds

Internal Service Funds provide goods/services to other funds, other component units, or other governments on a cost-reimbursement basis. The State uses the following Internal Service Funds:

Insurance Reserve Fund. This is a risk management/reinsurance fund. It underwrites insurance risks on public buildings and their contents and tort liability, medical malpractice, and automobile liability for public employees. The Fund's customers are limited by law to certain governmental persons/entities within the State and certain associated parties.

Health and Disability Insurance Fund. This is a risk management fund which underwrites the group health, dental, and related benefits provided to State and public school employees and retirees.

Workers' Compensation Fund. This is a risk management fund which provides workers' compensation benefits to State employees. Premiums are collected from State agencies.

State Employee Unemployment Compensation Fund This is a risk management fund that provides unemployment benefits to prior State employees. Premiums are collected from State agencies.

General Services Fund. This fund accounts for various services provided to State and local governmental units for which user fees are charged. These services include rental of office buildings, janitorial services, building maintenance, and procurement services.

Central Supplies and Equipment Fund. This fund sells office supplies and equipment, food, and paper products to other governmental units. It also stores food and paper products for State agencies.

Information Resources Management Fund. This fund provides telecommunication services and equipment, computer services, information technology planning and assistance in equipment and system selections, and printing services to governmental entities.

Motor Pool Fund. This fund provides daily and permanent lease assignments of vehicles to State agencies. It also maintains an inventory of automotive parts to provide maintenance of these vehicles.

Highway Department Internal Service Fund. This fund accounts for various service activities of the Department of Highways and Public Transportation. The fund provides data processing and printing services, equipment rentals, and office and engineering supplies to other divisions and county offices of the Department.

Employee Benefits Administration Fund. This fund administers the public employee retirement systems and the health and dental insurance plans maintained by the State. Revenues of the fund consist of assessments charged to the four Pension Trust Funds and to the Health and Disability Insurance Fund.

Prison Industries Fund. This fund accounts for goods produced by inmate labor. These goods are sold primarily to State agencies.

Other Internal Service Funds. These funds, aggregated for reporting purposes, account for other miscellaneous activities that meet the definition of Internal Service Funds. Such activities include provision of training programs for State employees and work activity centers of the Department of Vocational Rehabilitation.

Computer programs and courses are among the major offerings at all sixteen of South Carolina's technical colleges. The State's technical college system, developed to promote economic growth in South Carolina, now serves more than 34,500 students.

Combining Balance Sheet

INTERNAL SERVICE FUNDS

June 30, 1989
(Expressed in Thousands)

	Insurance Reserve	Health and Disability Insurance	Workers' Compensation	State Employee Unemployment Compensation	General Services	Central Supplies and Equipment
ASSETS						
Current assets:						
Cash	$ –	$ 3,593	$ 218	$ –	$ –	$ 9
Investments	–	12,286	–	–	6,598	641
Accounts receivable, net	2,598	–	1,092	–	141	45
Due from Federal government and other grantors	–	–	–	–	130	–
Due from other funds	1,351	985	4,248	–	1,609	1,192
Interfund receivables	2,409	782	–	–	1,475	–
Inventories	–	–	–	–	148	4,107
Other current assets	1,946	–	–	–	–	–
Total current assets	8,304	17,646	5,558	–	10,101	5,994
Long-term assets:						
Long-term investments	174,889	–	18,802	3,160	–	–
Loans and notes receivable, net	8	–	–	–	–	–
Advances to other funds	28,476	–	–	–	20,918	–
Total long-term assets	203,373	–	18,802	3,160	20,918	–
Property, plant, and equipment:						
Land and improvements	–	–	–	–	4,676	–
Buildings and improvements	–	–	–	–	107,020	–
Machinery, equipment, and other	502	–	291	–	1,745	24
Construction in progress	–	–	–	–	12,513	–
Less: accumulated depreciation	(120)	–	(96)	–	(21,350)	(12)
Total property, plant, and equipment, net	382	–	195	–	105,404	12
Total assets	$212,059	$17,646	$ 24,555	$3,160	$136,423	$6,006
LIABILITIES AND FUND EQUITY						
Liabilities:						
Current liabilities:						
Accounts payable and accrued liabilities	$ 25,965	$ 140	$ 24,781	$ –	$ 960	$ 916
Insurance claims incurred but not reported	33,311	55,098	10,061	–	–	–
Due to other funds	46	–	56	1,102	1,145	6
Interfund payables	317	–	2	58	3,823	1,000
Deferred revenues	15,752	–	1,721	–	–	–
Capital lease and installment debt obligations payable	–	–	–	–	1,009	4
Compensated absences payable	139	–	114	–	468	10
Other current liabilities	–	3,199	–	–	6	–
Total current liabilities	75,530	58,437	36,735	1,160	7,411	1,936
Long-term liabilities:						
Advances from other funds	–	–	8	–	35,042	–
Capital lease and installment debt obligations payable	–	–	–	–	41,033	–
Other long-term liabilities	–	4,717	–	–	–	–
Total long-term liabilities	–	4,717	8	–	76,075	–
Total liabilities	75,530	63,154	36,743	1,160	83,486	1,936
Fund Equity:						
Contributed capital	–	–	–	–	65,249	–
Retained earnings	136,529	(45,508)	(12,188)	2,000	(12,312)	4,070
Total fund equity	136,529	(45,508)	(12,188)	2,000	52,937	4,070
Total liabilities and fund equity	$212,059	$ 17,646	$ 24,555	$3,160	$136,423	$6,006

Information Resources Management	Motor Pool	Highway Department Internal Service	Employee Benefits Administration	Prison Industries	Other Internal Service	Eliminations	Totals
$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ 3,820
3,757	1,766	5,084	762	1,362	–	–	32,256
31	–	–	–	393	45	–	4,345
–	–	–	–	–	–	–	130
2,854	644	–	–	539	14	(2,847)	10,589
529	–	–	–	–	–	(3,654)	1,54 .
485	8	–	–	1,412	–	–	6,160
–	–	–	–	–	–	–	1,946
7,656	2,418	5,084	762	3,706	59	(6,501)	60,787
–	–	–	–	–	4,665	–	201,516
–	–	–	–	–	–	–	8
2,053	–	–	–	–	–	(40,471)	10,976
2,053	–	–	–	–	4,665	(40,471)	212,500
–	220	–	–	–	–	–	4,896
–	465	–	–	–	–	–	108,285
52,155	10,554	6,146	1,471	5,554	321	–	78,763
–	–	–	–	–	–	–	12,513
(23,907)	(5,873)	(3,155)	(880)	(3,077)	(109)	–	(58,579)
28,248	5,366	2,991	591	2,477	212	–	145,878
$37,957	$7,784	$8,075	$1,353	$6,183	$4,936	$(46,972)	$419,165
$ 1,572	$ 239	$ –	$ 543	$ 728	$ 101	$ –	$ 55,945
–	–	–	–	–	–	–	98,470
193	70	–	95	71	63	(2,847)	–
617	84	25	13	15	111	(3,654)	2,411
–	–	–	–	–	–	–	17,473
5,408	–	–	–	12	–	–	6,433
472	46	–	405	202	47	–	1,903
–	–	–	–	–	–	–	3,205
8,262	439	25	1,056	1,028	322	(6,501)	185,840
11,993	301	–	–	–	–	(40,471)	6,873
15,807	–	–	–	28	–	–	57,868
–	–	–	–	–	–	–	4,717
28,800	301	–	–	28	–	(40,471)	69,458
37,062	740	25	1,056	1,056	322	(46,972)	255,298
168	–	7,570	19	2,299	129	–	75,434
727	7,044	480	278	2,828	4,485	–	88,433
895	7,044	8,050	297	5,127	4,614	–	163,867
$37,957	$7,784	$8,075	$1,353	$6,183	$4,936	$(46,972)	$419,165

Combining Statement of Revenues, Expenses, and Changes in Fund Equity

INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 1989
(Expressed in Thousands)

	Insurance Reserve	Health and Disability Insurance	Workers' Compensation	State Employee Unemployment Compensation	General Services	Central Supplies and Equipment
Operating revenues:						
Charges for services	$ 55,842	$245,788	$ –	$ –	$23,093	$14,566
Contributions	–	–	18,431	2,149	–	–
Interest and other investment income	14,817	1,241	–	–		–
Other operating revenues	–	–	–	–	–	–
Total operating revenues	70,659	247,029	18,431	2,149	23,093	14,566
Operating expenses:						
General operations and administration	25,832	6,059	1,647	37	12,806	14,791
Benefits and claims	18,518	250,348	18,094	1,010	–	–
Depreciation and amortization	77	–	36	–	2,322	2
Other operating expenses	86	19,905	85	–	1,617	6
Total operating expenses	44,513	276,312	19,862	1,047	16,745	14,799
Operating income (loss)	26,146	(29,283)	(1,431)	1,102	6,348	(233)
Nonoperating revenues (expenses):						
Interest income	2,272	–	–	–	2,275	–
Federal revenue	–	–	–	–	13	–
Interest expense	–	–	(1)	–	(6,176)	–
Other nonoperating revenues (expenses)	15	–	(1)	–	131	–
Total nonoperating revenues (expenses)	2,287	–	(2)	–	(3,757)	–
Income (loss) before operating transfers	28,433	(29,283)	(1,433)	1,102	2,591	(233)
Operating transfers in	–	6,850	2,301	–	1,714	–
Operating transfers out	–	(2,899)	(1)	(1,102)	(454)	–
Net income (loss)	28,433	(25,332)	867	–	3,851	(233)
Retained earnings, July 1, 1988	108,096	(20,176)	(13,055)	2,000	(16,163)	4,303
Retained earnings, June 30, 1989	136,529	(45,508)	(12,188)	2,000	(12,312)	4,070
Contributed capital, July 1, 1988	–	–	–	–	63,590	–
Additions to contributed capital	–	–	–	–	1,659	–
Deductions from contributed capital	–	–	–	–	–	–
Fund equity, June 30, 1989	$136,529	$(45,508)	$(12,188)	$2,000	$52,937	$ 4,070

Information Resources Management	Motor Pool	Highway Department Internal Service	Employee Benefits Adminis-tration	Prison Industries	Other Internal Service	Elimina-tions	Totals
$28,553	$4,790	$1,798	$ –	$9,910	$1,528	$ –	$385,868
–	–	–	–	–	–	–	20,580
–	–	–	–	–		–	16,058
7	–	–	–	–	277	–	284
28,560	4,790	1,798	–	9,910	1,805	–	422,790
16,415	2,363	926	7,290	9,228	803	–	98,197
–	–	–	–	–	81	–	288,051
8,335	1,954	829	241	469	74	–	14,339
289	137	4	101	38	9	–	22,277
25,039	4,454	1,759	7,632	9,735	967	–	422,864
3,521	336	39	(7,632)	175	838	–	(74)
235	–	–	–	–	295	–	5,077
–	–	–	–	–	–	–	13
(2,918)	(26)	–	–	(6)	–	–	(9,127)
401	–	–	111	(4)	3	–	656
(2,282)	(26)	–	111	(10)	298	–	(3,381)
1,239	310	39	(7,521)	165	1,136	–	(3,455)
1,998	290	–	7,263	–	–	(4,144)	16,272
(50)	–	–	–	–	–	4,144	(362)
3,187	600	39	(258)	165	1,136	–	12,455
(2,460)	6,444	441	536	2,663	3,349	–	75,978
727	7,044	480	278	2,828	4,485	–	88,433
–	–	6,398	8	1,944	–	–	71,940
168	–	1,905	11	355	129	–	4,227
–	–	(733)	–	–	–	–	(733)
$ 895	$7,044	$8,050	$ 297	$5,127	$4,614	$ –	$163,867

Combining Statement of Changes in Financial Position

INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 1989
(Expressed in Thousands)

	Insurance Reserve	Health and Disability Insurance	Workers' Compensation	State Employee Unemployment Compensation	General Services	Central Supplies and Equipment
Sources of working capital:						
Operations:						
Net income (loss)	$ 28,433	$(25,332)	$ 867	$ –	$3,851	$(233)
Items not requiring working capital:						
Depreciation	77	–	36	–	2,322	2
Loss on disposition of property and equipment	–	–	2	–	–	–
Other	–	–	1	–	–	–
Total sources (uses) from operations	28,510	(25,332)	906	–	6,173	(231)
Decreases in long-term investments	–	–	–	670	–	–
Decreases in loans and notes receivable, net	2	–	–	–	–	–
Decreases in advances to other funds	1,397	–	–	–	496	–
Increases in advances from other funds	–	–	–	–	–	–
Increases in capital lease and installment debt obligations payable	–	–	–	–	–	–
Increases in other long-term liabilities	–	1,917	–	–	–	–
Additions to contributed capital	–	–	–	–	1,659	–
Total sources (uses) of working capital	**29,909**	**(23,415)**	**906**	**670**	**8,328**	**(231)**
Uses of working capital:						
Increases in long-term investments	40,103	–	4,591	–	–	–
Increases in advances to other funds	–	–	–	–	–	–
Decreases in advances from other funds	–	–	3	–	2,671	–
Reductions of capital lease and installment debt obligations payable	–	–	–	–	1,373	3
Decreases in other long-term liabilities	7,003	–	–	–	–	–
Acquisitions of property and equipment	87	–	26	–	2,358	9
Total uses of working capital	**47,193**	**–**	**4,620**	**–**	**6,402**	**12**
Net increases (decreases) in working capital	**$(17,284)**	**$(23,415)**	**$(3,714)**	**$670**	**$1,926**	**$(243)**
Components of net increases (decreases) in working capital:						
Cash	$ –	$ 3,591	$ 193	$ –	$ –	$ 9
Investments	–	(12,989)	–	–	(804)	(260)
Accounts receivable, net	(1,816)	(500)	62	–	55	(49)
Loans and notes receivable--current portion	(21)	–	–	–	–	–
Due from Federal government and other grantors	–	–	–	–	14	–
Due from other funds	(1,741)	694	322	–	(459)	33
Interfund receivables	79	(311)	–	–	13	–
Inventories	–	–	–	–	(8)	(42)
Other current assets	(2,600)	–	–	–	–	–
Accounts payable and accrued liabilities	(7,130)	(68)	871	–	638	37
Insurance claims incurred but not reported	(4,680)	(13,356)	(4,161)	–	–	–
Due to other funds	–	29	(4)	693	2,067	2
Interfund payables	763	–	–	(23)	(41)	23
Deferred revenues	(119)	–	(987)	–	–	–
Capital lease and installment debt obligations payable	–	–	–	–	216	3
Compensated absences payable	(19)	–	(10)	–	(25)	1
Other current liabilities	–	(505)	–	–	260	–
Net increases (decreases) in working capital	**$(17,284)**	**$(23,415)**	**$(3,714)**	**$670**	**$1,926**	**$(243)**

Information Resources Management	Motor Pool	Highway Department Internal Service	Employee Benefits Adminis-tration	Prison Industries	Other Internal Service	Elimina-tions	Totals
$3,187	$ 600	$ 39	$(258)	$ 165	$1,136	$ –	$ 12,455
8,335	1,954	829	241	469	74	–	14,339
20	1	–	6	5	–	–	34
(2,704)	(4)	219	–	–	–	–	(2,488)
8,838	2,551	1,087	(11)	639	1,210	–	24,340
–	–	–	–	–	–	(670)	–
–	–	–	–	–	–	–	2
543	–	–	–	–	–	(1,319)	1,117
66	–	–	–	–	–	(66)	–
–	–	–	–	28	–	(28)	–
–	–	–	–	–	–	(1,917)	–
168	–	1,905	11	355	129	–	4,227
9,615	**2,551**	**2,992**	**–**	**1,022**	**1,339**	**(4,000)**	**29,686**
–	–	–	–	–	1,178	(670)	45,202
–	–	–	–	–	–	–	–
–	74	–	–	–	–	(1,385)	1,363
6,070	–	–	–	–	–	(28)	7,418
–	–	–	–	–	–	(1,917)	5,086
1,643	2,505	2,123	103	451	245	–	9,550
7,713	**2,579**	**2,123**	**103**	**451**	**1,423**	**(4,000)**	**68,619**
$1,902	**$ (28)**	**$ 869**	**$(103)**	**$ 571**	**$ (84)**	**$ –**	**$(38,933)**
$ –	$ –	$ –	$ –	$ (31)	$ (28)	$ –	$ 3,734
2,453	(1)	871	14	1,065	–	–	(9,651)
(13)	–	–	–	69	45	–	(2,147)
–	–	–	–	–	–	–	(21)
–	–	–	–	–	–	–	14
311	(164)	–	–	62	6	2,768	1,832
1	–	–	–	–	–	84	(134)
65	(1)	–	–	(379)	–	–	(365)
–	–	–	–	–	–	–	(2,600)
(301)	111	–	(17)	(197)	(46)	–	(6,102)
–	–	–	–	–	–	–	(22,197)
(38)	74	–	(51)	18	(22)	(2,768)	–
(247)	(42)	(2)	(8)	(15)	(61)	(84)	263
–	–	–	–	–	–	–	(1,106)
(329)	–	–	–	(12)	–	–	(122)
–	(5)	–	(41)	(9)	22	–	(86)
–	–	–	–	–	–	–	(245)
$1,902	**$ (28)**	**$ 869**	**$(103)**	**$ 571**	**$ (84)**	**$ –**	**$(38,933)**

Completed in 1907, Neville Hall serves as the focal point of the Presbyterian College campus, an 1,100-student institution in Clinton. It is named after W.G. Neville, who served as Presbyterian College president from 1904-1907. The building provides classrooms and office space for eight academic departments, and the second phase of an interior and exterior renovation project is currently being completed.

Fiduciary Funds

Fiduciary Funds account for resources the State holds as trustee or agent for individuals, private organizations, or other governmental units.

EXPENDABLE TRUST FUNDS

Expendable Trust Funds account for resources the State holds as trustee. Both the principal and earnings of Expendable Trust Funds may be used for purposes allowed under the trust agreements. The State uses the following Expendable Trust Funds:

Radioactive Waste Contingency Fund. A private company operates a low-level radioactive waste disposal facility within the State. The State and the company have entered into a trust agreement with the State Treasurer as trustee. The company has deposited monies into the trust fund to provide for site cleanup in the event that there is seepage into the groundwater or the site is abandoned.

Unemployment Compensation Benefits Fund. This fund accounts for the State's unemployment compensation benefits. Revenues consist of taxes assessed on employers to pay benefits to qualified unemployed persons.

Second Injury Fund. This fund accounts for assessments made on insurance carriers, self-insurers, and the Workers' Compensation Fund. These assessments are used to pay claims of employees with existing permanent physical impairment who are further injured in the course of their subsequent employment.

Defeasance Trust Fund. This fund is an irrevocable bond defeasance trust fund established to hold sufficient resources to satisfy outstanding revenue debt of certain component units. The State Treasurer holds these assets in the capacity of an independent trustee. The related debt is no longer considered to be outstanding.

Multi-Family Housing Fund. This fund was established pursuant to bond resolutions which name the State Treasurer as trustee. These bonds constitute no-commitment debt for the State and are issued for the purpose of providing financing to developers of multi-family rental housing.

Other Expendable Trust Funds. These funds, aggregated for presentation purposes, account for other miscellaneous expendable trust funds. These are generally resources given to the State through trust agreements and provide for such items as scholarship funds, maintenance and operation of specific properties and construction of monuments.

NONEXPENDABLE TRUST FUNDS

These funds account for resources the State holds as trustee. The principal of these funds must be preserved and only the earnings may be used for the purposes allowed under the trust agreement. Most of the resources in these funds were bequeathed to the State via wills of deceased persons.

PENSION TRUST FUNDS

Pension Trust Funds account for four public employee retirement systems that the State administers.

South Carolina Retirement System. This is a multiple-employer pension system that benefits employees of the State, public schools, and political subdivisions of the State.

Police Officers' Retirement System. This is a multiple-employer pension system that benefits police officers and fire fighters employed by the State or its political subdivisions.

General Assembly Retirement System. This is a single-employer pension system that benefits members of the South Carolina General Assembly.

Judges' and Solicitors' Retirement System. This is a single-employer pension system that benefits the judges of the State's Supreme Court, Court of Appeals, circuit courts, family courts, and the State's circuit solicitors.

AGENCY FUNDS

Agency Funds are custodial in nature. They generally represent amounts held by the State on behalf of third parties. The State uses the following Agency Funds:

Deferred Compensation Plans. This fund accounts for the Section 457, Section 401(k), and Section 403(b) deferred compensation plans offered to employees of the State, its component units, and various local governmental units.

Insurance Company Deposits Fund. This fund accounts for deposits which are required to be made by insurance companies in lieu of surety bonds.

Local Government Investment Pool. Excess public monies are deposited into this fund by various local governmental units and other political subdivisions of the State. The State Treasurer invests these monies in order to allow these participating governmental units to realize a higher income on their investments by pooling their investments.

Federal Interfund Activity Fund. This fund accounts for Federal grants and entitlements that are first received by one State agency and eventually will be distributed to another State agency.

Payroll Clearing Fund. This fund accounts for employee deductions and contributions for the short period of time between the issuance of payroll checks and payment to the proper recipient.

Other Agency Funds. Balances in these funds, aggregated for presentation purposes, represent amounts held for prisoners and patients of State institutions, cash bonds, unclaimed property, miscellaneous clearing accounts, and other deposits.

Combining Balance Sheet

FIDUCIARY FUNDS

June 30, 1989
(Expressed in Thousands)

	EXPENDABLE TRUST			
	Radioactive Waste Contingency	Unemployment Compensation Benefits	Second Injury	Defeasance Trust
ASSETS				
Cash	$ –	$ 545	$ –	$ 4
Cash on deposit with fiscal agents	–	381,549	–	–
Investments	37,905	38	17,688	2,651
Deferred yield adjustment for security exchanges	–	–	–	–
Receivables (net):				
Accounts	456	–	226	37
Taxes	–	45,432	–	–
Loans and notes	–	–	–	
Due from Federal government and other grantors	–	–	–	–
Due from other funds	138	303	69	–
Interfund receivables	–	–	–	–
Inventories	–	–	–	–
Other assets	–	–	–	–
Total assets	**$38,499**	**$427,867**	**$17,983**	**$2,692**
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	$ –	$ 1,730	$ 19	$ –
Tax refunds payable	–	1,010	–	–
Intergovernmental payables	–	–	–	–
Due to other funds	–	–	81	–
Interfund payables	333	–	162	–
Deferred revenues and deferred credits	–	4,021	–	–
Deposits	–	–	–	–
Amounts held in custody for others	–	–	–	–
Deferred compensation	–	–	–	–
Other liabilities	–	–	–	–
Total liabilities	**333**	**6,761**	**262**	**–**
Fund Balances:				
Reserved for:				
Pension and other benefits	–	–	–	–
Inventories	–	–	–	–
Unreserved, undesignated	38,166	421,106	17,721	2,692
Total fund balances	**38,166**	**421,106**	**17,721**	**2,692**
Total liabilities and fund balances	**$38,499**	**$427,867**	**$17,983**	**$2,692**

			PENSION TRUST			
Multi-Family Housing	Other Expendable Trust	NONEXPENDABLE TRUST	South Carolina Retirement System	Police Officers' Retirement System	General Assembly Retirement System	Judges' and Solicitors' Retirement System
$ –	$ 13	$ 23	$ 1,187	$ 16	$ 3	$ 2
–	–	–	–	–	–	–
2,260	6,892	554	5,894,737	552,788	18,469	27,314
–	–	–	132,331	8,357	487	32
29	59	2	139,684	17,107	399	440
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	21	–	–	–	–	–
32	34	25	9,405	1,096	–	22
–	–	–	–	–	–	–
–	6	–	–	–	–	–
–	–	–	–	–	–	–
$2,321	$7,025	$604	$6,177,344	$579,364	$19,358	$27,810
$ –	$ 71	$ –	$ 61,390	$ 15,191	$ –	$ –
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	35	–	–	–	–	–
63	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
63	106	–	61,390	15,191	–	–
–	–	–	6,115,954	564,173	19,358	27,810
–	6	–	–	–	–	–
2,258	6,913	604	–	–	–	–
2,258	6,919	604	6,115,954	564,173	19,358	27,810
$2,321	$7,025	$604	$6,177,344	$579,364	$19,358	$27,810

Continued on Next Page

Combining Balance Sheet

FIDUCIARY FUNDS (Continued)

June 30, 1989
(Expressed in Thousands)

	Deferred Compensation Plans	Insurance Company Deposits
ASSETS		
Cash	$ –	$ –
Cash on deposit with fiscal agents	–	–
Investments	307,352	160,843
Deferred yield adjustment for security exchanges	–	–
Receivables (net):		
Accounts	321	–
Taxes	–	–
Loans and notes	1,147	–
Due from Federal government and other grantors	–	–
Due from other funds	–	–
Interfund receivables	–	–
Inventories	–	–
Other assets	1,622	–
Total assets	**$310,442**	**$160,843**
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities	$ –	$ –
Tax refunds payable	–	–
Intergovernmental payables	–	–
Due to other funds	–	–
Interfund payables	–	–
Deferred revenues and deferred credits	–	–
Deposits	–	–
Amounts held in custody for others	–	160,843
Deferred compensation	310,442	–
Other liabilities	–	–
Total liabilities	**310,442**	**160,843**
Fund Balances:		
Reserved for:		
Pension and other benefits	–	–
Inventories	–	–
Unreserved, undesignated	–	–
Total fund balances	**–**	**–**
Total liabilities and fund balances	**$310,442**	**$160,843**

AGENCY					
Local Government Investment Pool	Federal Interfund Activity	Payroll Clearing	Other Agency	Eliminations	Totals
$ 1,012	$ –	$ –	$ 1,321	$ –	$ 4,126
–	–	–	–	–	381,549
203,561	3,393	4,282	109,908	–	7,350,635
–	–	–	–	–	141,207
2,988	–	–	265	–	162,013
–	–	–	–	–	45,432
–	–	–	–	–	1,147
–	902	–	38	–	961
–	466	28,362	431	(36,322)	4,061
1,217	–	–	–	(1,217)	–
–	–	–	–	–	6
–	–	–	60	–	1,682
$208,778	$4,761	$32,644	$112,023	$(37,539)	$8,092,819
$ –	$ –	$ 59	$ 440	$ –	$78,900
–	–	–	–	–	1,010
–	–	–	268	–	268
–	4,699	4,754	89,889	(36,322)	63,136
–	62	91	1,064	(1,217)	558
–	–	–	–	–	4,021
–	–	–	3,587	–	3,587
208,778	–	27,740	16,691	–	414,052
–	–	–	–	–	310,442
–	–	–	84	–	84
208,778	4,761	32,644	112,023	(37,539)	876,058
–	–	–	–	–	6,727,295
–	–	–	–	–	6
–	–	–	–	–	489,460
–	–	–	–	–	7,216,761
$208,778	$4,761	$32,644	$112,023	$(37,539)	$8,092,819

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

EXPENDABLE TRUST FUNDS

For the Fiscal Year Ended June 30, 1989
(Expressed in Thousands)

	Radioactive Waste Contingency	Unemployment Compensation Benefits	Second Injury
Revenues:			
Taxes	$ –	$167,586	$29,009
Licenses, fees, and permits	2,632	–	–
Interest and other investment income	3,008	–	1,717
Federal	–	30,656	–
Departmental services	–	4	–
Contributions	–	–	–
Other	–	–	137
Total revenues	5,640	198,246	30,863
Expenditures:			
Current:			
General governmental	–	99,940	25,014
Individual and family services	–	–	–
Resources and economic development	–	–	–
Debt Service:			
Principal retirement	–	–	2
Interest and fiscal charges	–	–	1
Intergovernmental	–	–	–
Total expenditures	–	99,940	25,017
Revenues over (under) expenditures	5,640	98,306	5,846
Other financing sources (uses):			
Lease and installment debt proceeds	–	–	8
Operating transfers in	–	3,050	–
Operating transfers out	–	(772)	–
Total other financing sources (uses)	–	2,278	8
Revenues and other sources over (under) expenditures and other uses	5,640	100,584	5,854
Fund balances, July 1, 1988	32,526	320,522	11,867
Increase in reserve for inventories	–	–	–
Fund balances, June 30, 1989	$38,166	$421,106	$17,721

Defeasance Trust	Multi-Family Housing	Other Expendable Trust	Eliminations	Totals
$ –	$ –	$ –	$ –	$196,595
–	–	10	–	2,642
319	433	722	–	6,199
–	–	2	–	30,658
–	–	489	–	493
–	–	227	–	227
–	1,031	–	–	1,168
319	**1,464**	**1,450**	**–**	**237,982**
549	3,956	–	–	129,459
–	–	232	–	232
–	–	338	–	338
–	–	–	–	2
–	–	–	–	1
–	–	138	–	138
549	**3,956**	**708**	**–**	**130,170**
(230)	**(2,492)**	**742**	**–**	**107,812**
–	–	–	–	8
–	–	–	(772)	2,278
–	–	(189)	772	(189)
–	**–**	**(189)**	**–**	**2,097**
(230)	(2,492)	553	–	109,909
2,922	4,750	6,363	–	378,950
–	–	3	–	3
$2,692	**$2,258**	**$6,919**	**$ –**	**$488,862**

Combining Statement of Revenues, Expenses, and Changes in Fund Balances

NONEXPENDABLE AND PENSION TRUST FUNDS

For the Fiscal Year Ended June 30, 1989
(Expressed in Thousands)

		PENSION TRUST				
	NON-EXPENDABLE TRUST	South Carolina Retirement System	Police Officers' Retirement System	General Assembly Retirement System	Judges' and Solicitors' Retirement System	Total Pension Trust
Operating revenues:						
Contributions	$ 50	$ 428,049	$ 54,143	$ 1,528	$ 3,769	$ 487,489
Interest and other investment income	–	544,156	50,966	1,729	2,630	599,481
Total operating revenues	50	972,205	105,109	3,257	6,399	1,086,970
Operating expenses:						
Benefits and claims	–	320,166	25,255	1,332	2,344	349,097
Other operating expenses	9	–	–	–	–	–
Total operating expenses	9	320,166	25,255	1,332	2,344	349,097
Operating income	41	652,039	79,854	1,925	4,055	737,873
Nonoperating revenues:						
Interest income	4	–	–	–	–	–
Other nonoperating revenues	1	–	–	–	–	–
Total nonoperating revenues	5	–	–	–	–	–
Income before operating transfers	46	652,039	79,854	1,925	4,055	737,873
Operating transfers:						
Operating transfers in	–	9,269	250	–	–	9,519
Operating transfers out	–	(3,981)	(353)	(13)	(17)	(4,364)
Net income	46	657,327	79,751	1,912	4,038	743,028
Fund balances, July 1, 1988	558	5,458,627	484,422	17,446	23,772	5,984,267
Fund balances, June 30, 1989	$604	$6,115,954	$564,173	$19,358	$27,810	$6,727,295

Combining Statement of Changes in Financial Position

NONEXPENDABLE AND PENSION TRUST FUNDS

For the Fiscal Year Ended June 30, 1989
(Expressed in Thousands)

		PENSION TRUST					
	NON-EXPENDABLE TRUST	South Carolina Retirement System	Police Officers' Retirement System	General Assembly Retirement System	Judges' and Solicitors' Retirement System	Eliminations	Total Pension Trust
Sources of working capital:							
Operations:							
Net income	$46	$657,327	$79,751	$1,912	$4,038	$ –	$743,028
Decreases in long-term investments	–	–	–	199	–	(199)	–
Total sources of working capital	46	657,327	79,751	2,111	4,038	(199)	743,028
Uses of working capital:							
Increases in long-term investments	1	530,078	57,365	–	1,434	(199)	588,678
Total uses of working capital	1	530,078	57,365	–	1,434	(199)	588,678
Net increases in working capital	$45	$127,249	$22,386	$2,111	$2,604	$ –	$154,350
Components of net increases in working capital:							
Cash	$21	$ (228)	$ (49)	$ 2	$ 2	$ –	$ (273)
Investments	–	186,790	36,098	2,105	2,491	–	227,484
Deferred yield adjustment for security exchanges	–	(28,693)	(1,228)	(48)	2	–	(29,967)
Accounts receivable, net	(1)	14,679	2,452	52	46	–	17,229
Due from other funds	25	(1,508)	251	–	22	–	(1,235)
Interfund receivables	–	(41)	–	–	–	–	(41)
Accounts payable and accrued liabilities	–	(43,750)	(15,138)	–	–	–	(58,888)
Interfund payables	–	–	–	–	41	–	41
Net increases in working capital	$45	$127,249	$22,386	$2,111	$2,604	$ –	$154,350

Combining Statement of Changes in Assets and Liabilities

AGENCY FUNDS

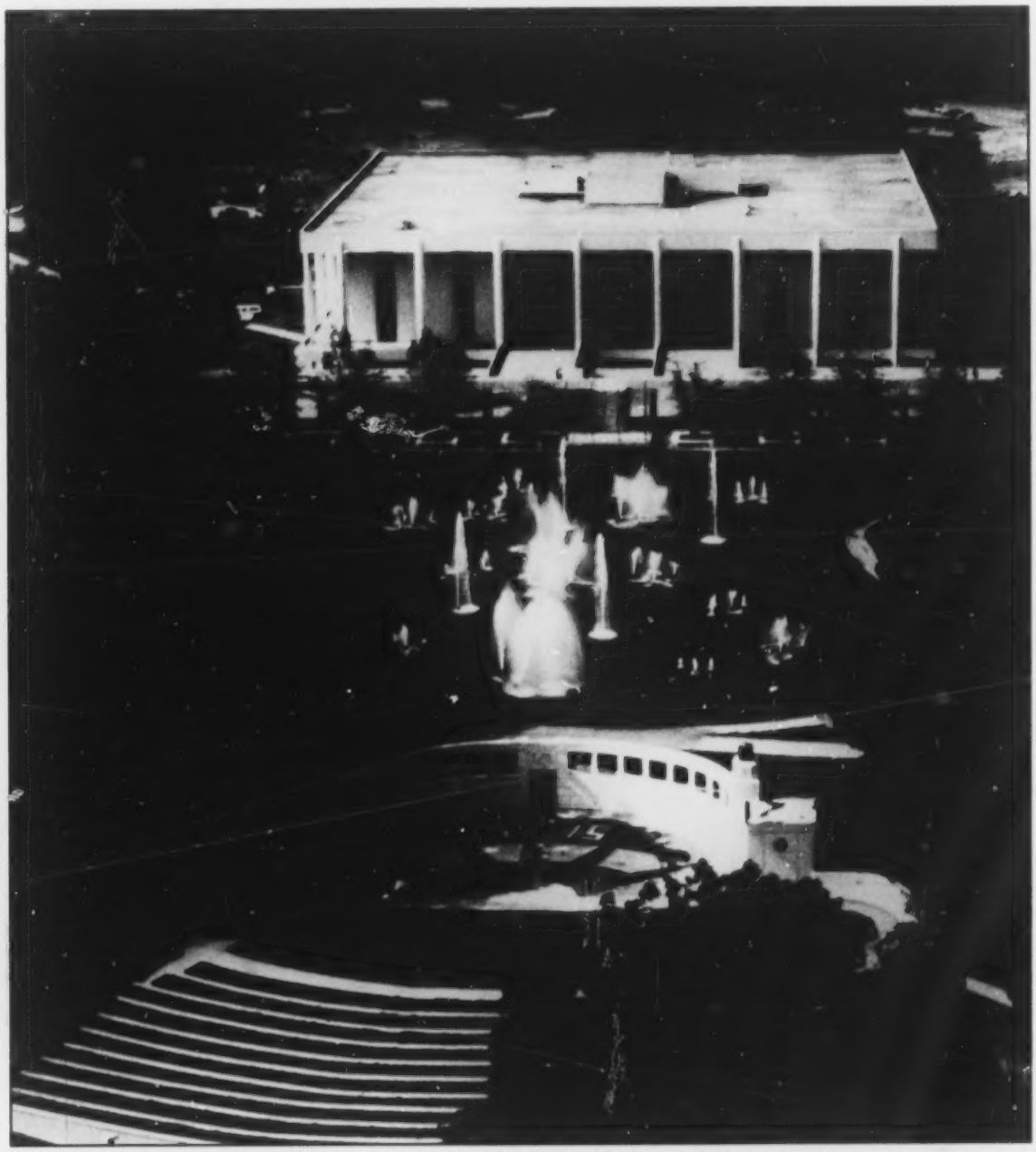
For the Fiscal Year Ended June 30, 1989
(Expressed in Thousands)

	Balance July 1, 1988	Additions	Deductions	Balance June 30, 1989
ASSETS				
Deferred Compensation Plans	$254,170	$ 106,450	$ 50,178	$310,442
Insurance Company Deposits	137,322	68,299	44,778	160,843
Local Government Investment Pool	326,981	24,298,553	24,416,756	208,778
Federal Interfund Activity Fund	3,158	222,872	221,269	4,761
Payroll Clearing Fund	25,761	564,952	558,069	32,644
Other Agency Funds	96,479	923,652	908,108	112,023
Total assets	**$843,871**	**$26,184,778**	**$26,199,158**	**$829,491**
LIABILITIES				
Deferred Compensation Plans	$254,170	$ 65,580	$ 9,308	$310,442
Insurance Company Deposits	137,322	68,299	44,778	160,843
Local Government Investment Pool	326,981	466,524	584,727	208,778
Federal Interfund Activity Fund	3,158	220,618	219,015	4,761
Payroll Clearing Fund	25,761	458,052	451,169	32,644
Other Agency Funds	96,479	830,588	815,044	112,023
Total liabilities	**$843,871**	**$ 2,109,661**	**$ 2,124,041**	**$829,491**

Note: This combining statement presents, on a summarized basis, the changes in total assets and total liabilities of each agency fund. Changes by individual balance-sheet account for each fund have not been presented because that presentation would be unduly complex.

General Fixed Assets Account Group

The General Fixed Assets Account Group is maintained to account for fixed assets acquired or constructed for use by the State for general governmental purposes. These include all fixed assets except those accounted for in the Proprietary, Fiduciary, and Higher Education Funds.



The heart of any university is its library. Clemson University's Robert Muldrow Cooper Library sits at the heart of the 100-year-old campus, which serves a student body of approximately 14,000 students.

Schedule of General Fixed Assets by Function

June 30, 1989
(Expressed in Thousands)

Function	Land and Improvements	Buildings, Improvements, and Utility Plant	Machinery, Equipment, and Other	Totals
General governmental	$ 7,292	$ 75,820	$ 56,305	$ 139,417
Education	4,689	53,081	209,707	267,477
Individual and family services	9,607	155,671	85,875	251,153
Administration of justice	3,745	214,137	33,774	251,656
Resources and economic development	52,118	48,017	53,117	153,252
Transportation	2,449	33,985	164,301	200,735
Total general fixed assets allocated to functions	**$79,900**	**$580,711**	**$603,079**	**1,263,690**
Construction in progress				74,365
Total general fixed assets				**$1,338,055**

Cultural exchanges broaden the international horizon of students at Lander College. A group of French students (above) visited the Lander campus and got an explanation of the early stages of the textile manufacturing process at Greenwood Mills.

Schedule of Changes in General Fixed Assets by Function

For the Fiscal Year Ended June 30, 1989
(Expressed in Thousands)

Function	Balance July 1, 1988	Additions	Retirements	Balance June 30, 1989
General governmental	$ 116,731	$ 27,582	$ 4,896	$ 139,417
Education	255,251	25,454	13,228	267,477
Individual and family services	240,988	15,374	5,209	251,153
Administration of justice	223,374	28,756	474	251,656
Resources and economic development	145,305	17,326	9,379	153,252
Transportation	165,395	43,154	7,814	200,735
Construction in progress	90,714	43,219	59,568	74,365
Total general fixed assets	**$1,237,758**	**$200,865**	**$100,568**	**$1,338,055**

The emergency medical transport service of the Medical University of South Carolina provides rapid transportation to the MUSC Medical Center or any hospital within 150 miles of Charleston. Even the front lawn of Charleston's national historic landmark, Drayton Hall, provided a landing site for the MUSC helicopter in transporting an accident victim. MUSC, established in 1823, has almost 2,500 students.

Columbia College has been educating women in South Carolina's capital city since 1854. The 1,200-student liberal arts college blends traditional values with a dynamic new focus on leadership development in preparing women for their new and chaaging role in American society.

Higher Education Funds

Financial activities of the State's higher education institutions are reported in the Higher Education Funds. The four-year institutions are:

The Citadel
Clemson University
The College of Charleston
Francis Marion College
Lander College
The Medical University of South Carolina
South Carolina State College
The University of South Carolina
Winthrop College

Area technical colleges include:

Aiken Technical College
Chesterfield-Marlboro Technical College
Denmark Technical College
Florence-Darlington Technical College
Greenville Technical College
Horry-Georgetown Technical College
Midlands Technical College
Orangeburg-Calhoun Technical College
Piedmont Technical College
Spartanburg Technical College
Sumter Area Technical College
Technical College of the Lowcountry
Tri-County Technical College
Trident Technical College
Williamsburg Technical College
York Technical College

Higher Education Funds include the following individual funds:

CURRENT FUNDS

Current Funds account for resources that higher education institutions may use for any purpose in carrying out their primary objectives.

Unrestricted Current Funds. These funds account for currently expendable resources which may be either completely unrestricted or designated by institution officials for specific purposes.

Restricted Current Funds. These funds account for resources that donors or other outside agencies have restricted for specific current operating purposes.

LOAN FUNDS

Loan Funds account for resources available for loans to students, faculty, or staff of higher education institutions.

ENDOWMENT AND SIMILAR FUNDS

These funds account for endowments and quasi-endowments. These funds are similar to trust funds. The State must comply with the terms of any applicable agreements.

PLANT FUNDS

Plant Funds account for transactions involving physical properties of the higher education institutions.

Unexpended Plant Funds. The Unexpended Plant Funds subgroup accounts for resources that institutions will use to acquire physical properties in future accounting periods.

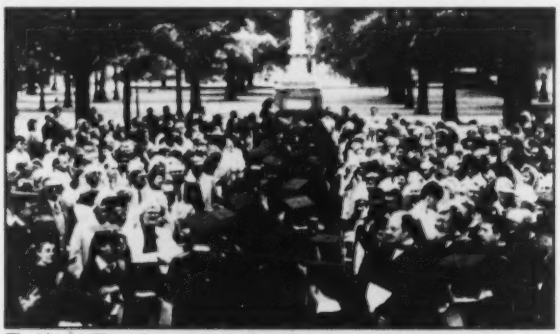
Renewal and Replacements Funds. The Renewal and Replacements Funds subgroup accounts for resources institutions have set aside for the renewal and replacement of institutional properties.

Retirement of Indebtedness Funds. The Retirement of Indebtedness Funds subgroup includes amounts to pay debt service and to retire indebtedness on institutional properties.

Investment in Plant Funds. The Investment in Plant Funds subgroup accounts for resources that the institution has expended for (and thus has invested in) its properties and any related outstanding debt.

AGENCY FUNDS

Agency Funds account for amounts that higher education institutions hold as custodians or fiscal agents for others.



The historic Horseshoe, originally the entire campus of the University of South Carolina when it was established in 1801, offers a garden setting for commencement exercises for USC's School of Medicine and Law School, as well as a site to welcome visitors such as His Holiness John Paul II.

Combining Balance Sheet

HIGHER EDUCATION FUNDS

June 30, 1989
(Expressed in Thousands)

	CURRENT FUNDS			
	Unrestricted	Restricted	LOAN FUNDS	ENDOWMENT AND SIMILAR FUNDS
ASSETS				
Cash	$ 9,646	$ 1,046	$ 65	$ 2,575
Investments	71,083	12,248	2,946	27,573
Receivables (net):				
Accounts	4,587	83	42	41
Patient and student	42,793	–	2,565	–
Student loans	–	–	29,594	–
Loans and notes	1,405	–	35	–
Due from Federal government and other grantors	1,468	15,628	–	–
Due from other Higher Education Funds	17,968	19	32	4
Due from other funds	6,133	2,320	6	55
Interfund receivables	558	–	–	–
Inventories	15,359	–	–	–
Property, plant, and equipment (net)	–	–	–	–
Other assets	6,696	234	98	595
Total assets	**$177,696**	**$31,578**	**$35,383**	**$30,843**
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	$ 44,371	$ 1,921	$ 12	$ 62
Due to other Higher Education Funds	2,875	8,150	94	768
Due to other funds	3,868	1,059	–	–
Interfund payables	6	–	–	–
Advances from other funds	20	–	–	–
Deferred revenues and deferred credits	20,336	487	–	–
Deposits	3,037	–	–	–
Amounts held in custody for others	–	–	–	–
Notes payable	37	594	–	–
General obligation bond anticipation notes payable	–	–	–	–
General obligation bonds payable	–	–	–	–
Revenue bonds payable	–	–	–	–
Capital lease and installment debt obligations payable	–	–	–	–
Compensated absences payable	39,017	–	–	–
Other liabilities	810	320	7	–
Total liabilities	**114,377**	**12,531**	**113**	**830**
Fund Balances:				
Investment in plant	–	–	–	–
Reserved for:				
Restricted fund balance	–	18,383	29,558	–
U.S. government grants refundable	–	–	5,642	–
Endowment and similar funds	–	–	–	13,114
Encumbrances	1,030	–	–	–
Other special purposes	376	–	70	2,135
Unreserved:				
Designated for special purposes	9,288	658	–	–
Designated for quasi-endowments	–	–	–	14,764
Undesignated	52,625	6	–	–
Total fund balances	**63,319**	**19,047**	**35,270**	**30,013**
Total liabilities and fund balances	**$177,696**	**$31,578**	**$35,383**	**$30,843**

PLANT FUNDS						
Unexpended	Renewal and Replacement	Retirement of Indebtedness	Investment in Plant	AGENCY FUNDS	Eliminations	Totals
$ 2,494	$ 721	$ 459	$ –	$ 230	$ –	$ 17,236
64,735	9,298	49,615	–	621	–	238,119
–	–	–	–	674	–	5,427
–	–	–	–	–	–	45,358
–	–	–	–	–	–	29,594
–	–	–	–	–	–	1,440
–	–	–	–	–	–	17,096
5,830	130	624	–	28	(24,635)	–
3,958	–	288	–	1	(1,913)	10,848
–	–	–	–	–	–	558
–	–	–	–	–	–	15,359
33,550	–	–	1,685,924	–	–	1,719,474
187	–	171	2,477	9	–	10,467
$110,754	**$10,149**	**$51,157**	**$1,688,401**	**$1,563**	**$(26,548)**	**$2,110,976**
$ 10,102	$ –	$ 4,913	$ –	$ 653	$ –	$ 62,034
8,280	–	4,314	–	154	(24,635)	–
34	–	1,929	–	–	(1,913)	4,977
–	–	–	578	–	–	584
400	–	–	5,107	–	–	5,527
–	–	–	–	–	–	20,823
–	–	–	–	–	–	3,037
–	–	–	–	756	–	756
2,226	–	–	13,192	–	–	16,049
2,700	–	–	9,355	–	–	12,055
–	–	–	13,870	–	–	13,870
20,853	259	–	134,141	–	–	155,253
–	–	–	16,948	–	–	16,948
–	–	–	–	–	–	39,017
2,048	–	–	339	–	–	3,524
46,643	**259**	**11,156**	**193,530**	**1,563**	**(26,548)**	**354,454**
–	–	–	1,494,871	–	–	1,494,871
46,692	9,890	40,001	–	–	–	144,524
–	–	–	–	–	–	5,642
–	–	–	–	–	–	13,114
3,785	–	–	–	–	–	4,815
703	–	–	–	–	–	3,284
12,931	–	–	–	–	–	22,877
–	–	–	–	–	–	14,764
–	–	–	–	–	–	52,631
64,111	**9,890**	**40,001**	**1,494,871**	**–**	**–**	**1,756,522**
$110,754	**$10,149**	**$51,157**	**$1,688,401**	**$1,563**	**$(26,548)**	**$2,110,976**

The use of technology as a learning resource is common practice at one of the State's oldest institutions, the College of Charleston. Students use the language laboratory as a regular part of their study activities at the historic Charleston institution.

Schedules--Budgetary General Fund

The Budgetary General Fund, which corresponds to the General Funds column in the Appropriation Act, is the State's general operating fund. The Budgetary General Fund differs somewhat from the GAAP-basis General Fund.

The schedules in this section have been prepared using the budgetary basis of accounting. In South Carolina, the budgetary basis of accounting is the cash basis with certain exceptions. The Notes to the Financial Statements include a more detailed description of the budgetary basis of accounting.

Clemson University bioengineering professor Larry Dooley has developed a revolutionary new computer process to manufacture customized joint implants for orthopedic patients. The process is the first major research effort of the South Carolina Bioengineering Alliance, which includes Clemson, the University of South Carolina, and the Medical University of South Carolina.

Appropriation Activity

BUDGETARY GENERAL FUND

For the Fiscal Year Ended June 30, 1989
(Expressed in Thousands)

Function	Original Appropriations	Adjustments[a]
Legislative	$ 25,091	$ 4,449
Judicial	23,789	796
Executive and administrative	166,505	(5,856)
Educational	1,579,171	97,694
Health	433,621	24,940
Social rehabilitation services	104,825	4,447
Correctional	196,815	11,246
Conservation, natural resources, and development	110,073	9,100
Regulatory	67,240	2,005
Transportation	2,684	1,526
Debt service	102,535	–
Miscellaneous	226,354	4,809
Highway Department	1,243	3
Totals--appropriations for expenditures	3,039,946	155,159
Transfer to designation for capital and nonrecurring	53,855	–
Totals--appropriations for expenditures and intrafund transfers	$3,093,801	$155,159

Note: See Note 2 to the Financial Statements for information on budgetary accounting.

[a]The adjustments shown above (expressed in thousands) may be summarized as follows:

Appropriations brought forward from fiscal year 1987-88	$ 64,478
Supplemental appropriations less Governor's vetoes	142,398
Appropriation reductions	(73,682)
Open-ended appropriations	837
Other legislative and Budget and Control Board actions	21,128
Total adjustments	$155,159

Adjusted Appropriations	Expenditures	Capital Reserve Transfer	Appropriations To Be Carried Forward	Lapsed Appropriations
$ 29,540	$ 25,527	$ –	$ 3,759	$ 254
24,585	24,115	–	9	461
160,649	141,029	–	18,777	843
1,676,865	1,629,543	–	41,524	5,798
458,561	453,003	–	2,566	2,992
109,272	106,362	–	1,053	1,857
208,061	206,120	–	1,802	139
119,173	115,932	–	2,420	821
69,245	67,628	–	328	1,289
4,210	3,705	–	419	86
102,535	101,986	–	–	549
231,163	228,331	–	2,040	792
1,246	1,244	–	2	–
3,195,105	3,104,525	–	74,699	15,881
53,855	–	53,855	–	–
$3,248,960	$3,104,525	$53,855	$74,699	$15,881

Lander College professor Dr. Richard Fox sieves for sea animals as part of his research for his book on spineless southeast seashore animals. Lander, a State-supported four-year college in Greenwood, provides study opportunities for students at marine laboratories located on both the Atlantic and Pacific coasts.

General Fund Reserve Activity

BUDGETARY GENERAL FUND

Last Five Fiscal Years

Article III, Section 36, of the South Carolina Constitution establishes requirements relating to the General Fund Reserve, a reserve primarily designed to prevent Budgetary General Fund deficits. Prior to November 4, 1984, the reserve was considered fully funded whenever it equaled five percent of the Budgetary General Fund budgetary-basis revenue of the latest completed fiscal year. On November 4, 1984, a Constitutional amendment was passed changing the funding requirement from five to four percent of the Budgetary General Fund revenue of the latest completed fiscal year. Provisions of the amendment also allowed the percentage rate to be reduced to three or increased to five percent by a special vote of the General Assembly. An act which took effect on March 9, 1988, reduced the percentage rate to three percent. On November 4, 1988, a Constitutional amendment was passed which permanently changed the funding requirement for the Reserve to three percent of the Budgetary General Fund revenue of the latest completed fiscal year. The full-funding amount for the fiscal year ending June 30, 1990, therefore, is $94.114 million.

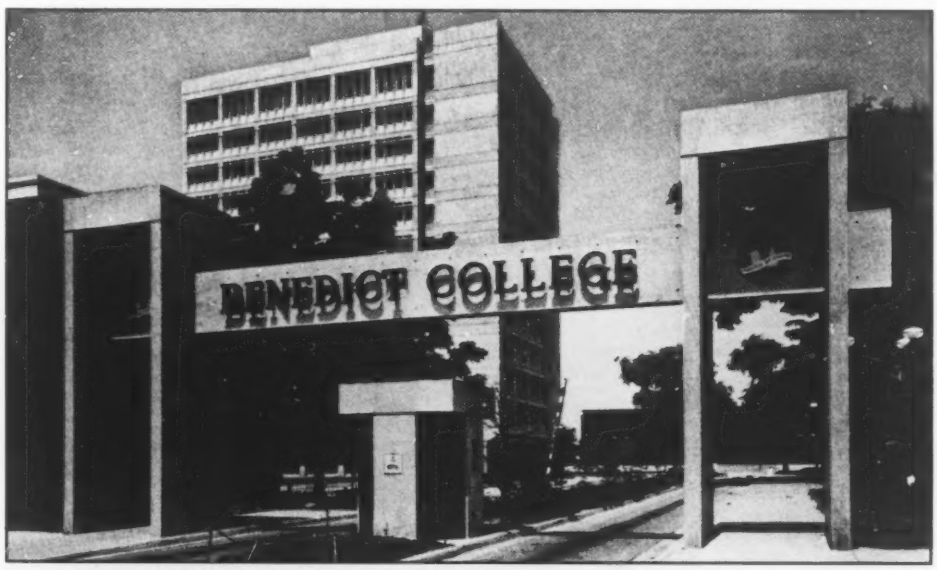
Key amounts (expressed in thousands) for the General Fund Reserve for the last five fiscal years are:

Fiscal Year Ended June 30	Start-of-Year Balance	Deposits (Withdrawals)	End-of-Year Balance	Full-Funding Amount	Actual End-of-Year % Funded[c]
1985	$98,497	$ (9,369)	$89,128	$ 89,128[a]	100%
1986	89,128	(37,353)	51,775	95,735[a]	54%
1987	51,775	23,606	75,381	100,372[a]	75%
1988	75,381	10,711	86,092	80,783[b]	107%
1989	86,092	1,907	87,999	87,999[b]	100%

[a]Equals 4% of the Budgetary General Fund revenues for the latest completed fiscal year.

[b]Equals 3% of the Budgetary General Fund revenues for the latest completed fiscal year.

[c]Equals (End-of-Year Balance/Full Funding Amount) x 100.



Benedict College in Columbia was founded in 1870 by Mrs. Bathsheba A. Benedict of Pawtucket, Rhode Island, as a school to train the sons and daughters of slaves into what the original charter called "a power for good in society." Today Benedict College provides an environment in which each of its 1,600 students can prepare for life, as well as a vocation, through academic inquiry in the liberal arts.

Funds Earmarked for Public Education

BUDGETARY GENERAL FUND

For the Fiscal Year Ended June 30, 1989
(Expressed in Thousands)

Budgetary-basis revenues:	
Retail sales tax (4%) and excise tax--casual sales	$ 1,085,626
Alcoholic liquors tax--State portion	20,444
Beer and wine tax--State portion	290
Soft drinks tax	19,668
Commercial nuclear waste tax	5,639
Total budgetary-basis revenues earmarked for public education	**1,131,667**
Budgetary-basis expenditures:	
Department of Education	1,037,08
State Board of Technical and Comprehensive Education	93,537
Educational Television Commission	17,076
Wil Lou Gray Opportunity School	2,717
School for the Deaf and Blind	10,053
John De La Howe School	3,192
Debt service--school bonds	3,925
Total budgetary-basis expenditures earmarked for public education	**1,167,584**
Excess of budgetary-basis expenditures over revenues earmarked for public education	**$ 35,917**

Part I, Section 1, of the 1988-89 Appropriation Act and Sections 12-21-1130 and 48-47-175 of the South Carolina Code of Laws require that the Budgetary General Fund revenues shown above be expended only to cover appropriations made to support the specific public secondary-school education agencies listed above. These legal requirements are considered to be satisfied if the amount of Budgetary General Funds expended for these particular agencies exceeds the earmarked revenues.

Legal-basis debt service expenditures on capital improvement bonds applicable to the designated public education agencies could not be determined. If available, this amount would increase both expenditures and the excess of expenditures over revenues earmarked for public education. Records of the State Treasurer's Office show that capital improvement bond proceeds of $15.588 million were allocated to the designated public education agencies in 1988-89.

Erskine College celebrates its 150th anniversary this year. The small liberal arts institution is located in Due West and serves some 700 students. Its historic clock tower (center, background) was built in 1892, and its more modern Belk Hall (left) was constructed in 1967 as part of the school's 125th anniversary observance.

Statistical Section

The Ira and Nancy Koger Center for the Arts at the University of South Carolina, which opened in January 1989, brings a new educational dimension to USC as well as a quality performing arts center for the entire State.

Expenditures (Budgetary Basis) by Function

TOTAL BUDGETED FUNDS[a]

Last Eight Fiscal Years [b]
(Expressed in Thousands)

Function	1982	1983	1984
Legislative	$ 13,577	$ 14,125	$ 14,814
Judicial	14,037	14,775	16,838
Executive and administrative	369,493	382,053	261,196
Educational	1,536,162	1,607,024	1,779,724
Health[c]	325,914	330,174	356,914
Social rehabilitation services[c]	517,168	475,125	506,527
Correctional	96,619	96,886	117,485
Conservation, natural resources, and development	109,148	110,397	124,346
Regulatory	67,770	71,695	78,949
Transportation	3,584	5,032	3,695
Debt service	89,722	105,091	101,436
Miscellaneous	119,223	113,058	124,864
Highway Department	301,989	321,817	390,333
Enterprise agencies	–	–	–
Total expenditures	**$3,564,406**	**$3,647,252**	**$3,877,121**

[a] This table includes expenditures for the State's budgeted funds--the Budgetary General Fund and Other Budgeted Funds. To enhance comparability, years before 1989 have been restated to exclude transfers.

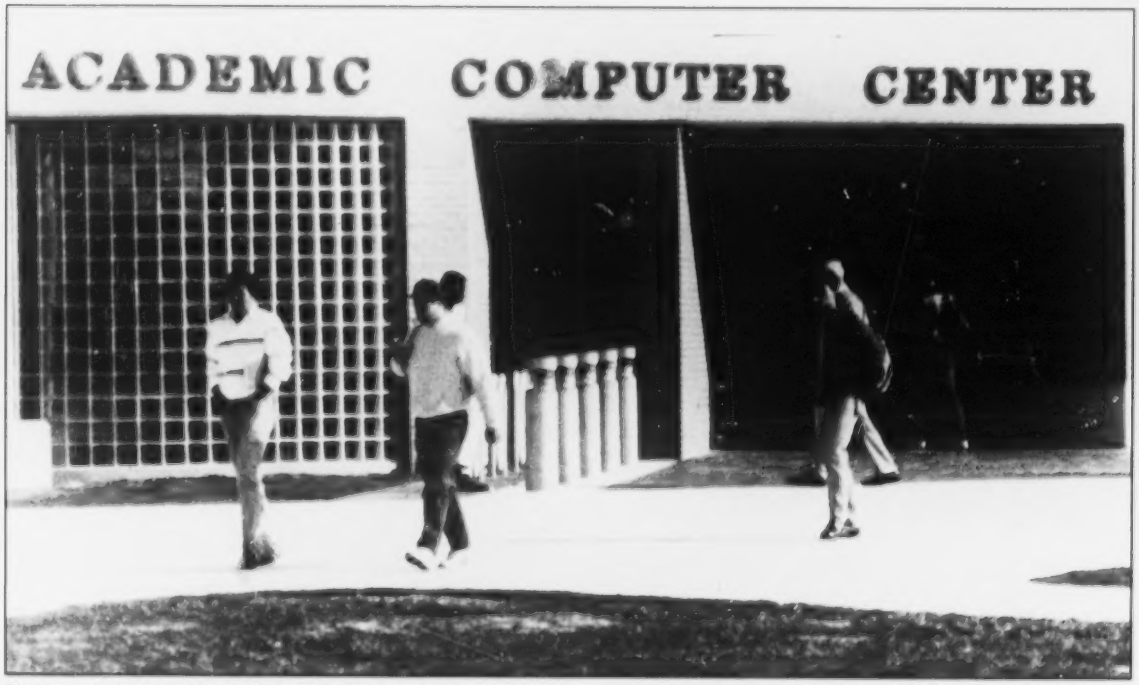
[b] It is not practicable for the State to summarize expenditure data prior to fiscal year 1981-82 when the current Statewide accounting system was installed.

[c] In the fiscal year ended June 30, 1985, a new Health agency assumed responsibility for certain programs previously reported under Social Rehabilitation Services.

The Theodore S. Stern Student Center at the College of Charleston was constructed as a part of the campus expansion undertaken when the historic institution became a part of the State system in the early 1970's. It is named for the first president to serve after the College became a State institution.

For the Fiscal Year Ended June 30

1985	1986	1987	1988	1989
$ 20,252	$ 22,287	$ 23,391	$ 23,965	$ 26,028
18,866	20,925	21,853	22,497	24,141
303,997	296,605	260,639	289,206	334,419
2,405,711	2,273,874	2,314,100	2,521,301	2,750,752
746,494	926,329	1,027,103	1,109,708	1,269,100
229,246	454,579	447,229	441,487	459,006
159,435	183,117	215,149	257,701	265,680
139,750	158,105	160,293	169,218	189,190
86,244	93,514	99,612	110,023	124,205
3,832	3,447	2,866	3,451	5,354
103,608	106,738	107,122	119,415	101,986
163,106	172,901	174,402	207,707	228,331
455,467	465,181	482,990	621,596	634,497
–	–	–	–	5,811
$4,836,008	$5,177,602	$5,336,749	$5,897,275	$6,418,500



The latest addition to the Francis Marion College campus is this academic computer center used by students from all schools and departments at the College. Francis Marion, a State-supported four-year institution in Florence, has an enrollment of more than 3,800 students.

Revenues (Budgetary Basis) by Source

TOTAL BUDGETED FUNDS[a]

Last Eight Fiscal Years [b]
(Expressed in Thousands)

Source	1982	1983	1984
Admissions tax	$ 6,430	$ 7,403	$ 8,307
Aircraft tax	246	271	152
Alcoholic liquors tax	39,706	43,622	43,864
Bank tax	3,876	5,116	4,839
Beer and wine tax	55,020	61,458	58,729
Business license tax	30,279	29,747	29,852
Cable television fees	7	7	4
Coin-operated device tax	1,975	8,371	6,046
Commercial nuclear waste tax	–	–	3,903
Contractors' license tax	607	661	700
Corporation income tax	127,610	124,132	154,483
Corporation license tax	17,666	18,203	21,337
Department of Agriculture	7,232	6,969	7,179
Departmental revenue (primarily grant revenues and fees for services)	1,753,865	1,620,163	1,797,230
Documentary tax	10,140	11,703	16,786
Earned on investments	65,799	62,311	71,031
Education Improvement Act--1% sales tax	–	–	–
Education Improvement Act--investment earnings	–	–	–
Education Improvement Act--other	–	–	–
Electric power tax	12,627	12,435	13,076
Estate tax	12,634	14,259	17,633
Excise tax--casual sales	–	7,186	8,764
Fertilizer inspection tax	213	185	189
Gasoline tax--counties	14,662	14,330	15,429
Gift tax	714	980	1,121
Individual income tax	641,838	719,113	795,480
Insurance tax	40,798	45,434	49,522
Miscellaneous sources	107,199	75,351	107,427
Motor transport fees	2,690	2,678	4,462
Private car lines tax	1,075	1,077	1,135
Public service assessment	2,490	2,528	3,022
Public Service Authority	1,400	1,500	1,600
Radioactive waste surcharge	–	–	–
Retail sales tax (4%)	646,552	684,391	790,160
Retailers' license tax	727	1,121	1,193
Savings and loan association tax	59	(68)	19
Soft drinks tax	13,868	13,841	13,192
Workers' compensation insurance tax	6,274	7,472	7,377
Total revenues	**$3,626,278**	**$3,603,950**	**$4,055,243**

[a] This table includes revenues for the State's budgeted funds--the Budgetary General Fund and Other Budgeted Funds. To enhance comparability, years before 1989 have been restated to exclude transfers.

[b] It is not practicable for the State to summarize expenditure data prior to fiscal year 1981-82 when the current Statewide accounting system was installed.

For the Fiscal Year Ended June 30

1985	1986	1987	1988	1989
$ 8,519	$ 9,230	$ 9,868	$ 11,980	$ 13,941
458	539	902	1,356	1,934
43,603	46,580	46,149	46,974	48,144
7,632	4,171	5,529	7,674	8,314
60,027	62,488	66,619	67,655	71,244
29,842	29,993	30,303	30,614	30,523
–	–	–	–	–
5,756	8,115	6,726	7,818	14,899
4,856	4,656	4,157	5,304	5,639
746	808	864	1,336	1,368
192,152	185,014	184,890	196,187	211,209
25,002	24,193	30,053	29,217	29,484
7,909	7,933	7,895	8,267	8,467
2,019,592	2,355,983	2,441,978	2,792,219	3,063,206
16,360	16,085	16,080	12,126	13,359
83,759	79,198	76,406	71,181	76,591
182,578	221,740	235,690	250,435	271,980
1,404	2,235	2,377	1,680	1,771
300	270	648	540	337
13,411	12,653	13,241	19,617	15,243
22,442	19,946	24,857	31,843	32,079
7,738	7,728	7,863	8,246	8,655
219	191	160	150	234
15,902	16,341	16,842	17,157	17,615
1,496	2,316	2,124	4,148	3,907
850,814	907,285	1,008,938	1,142,105	1,248,058
56,594	65,173	83,535	83,961	87,091
215,199	152,092	81,509	84,534	78,513
4,868	4,552	4,722	5,265	5,599
1,057	1,099	1,099	1,124	1,239
3,060	3,317	3,351	3,675	3,812
1,700	2,900	2,503	4,092	5,366
–	–	2,831	4,195	6,679
820,534	885,591	939,072	997,889	1,076,982
3,776	923	882	928	1,004
(12)	(835)	55	114	856
14,970	18,029	18,868	19,564	19,668
7,961	9,725	14,454	15,281	17,127
$4,732,224	**$5,168,257**	**$5,394,040**	**$5,986,451**	**$6,502,137**

Income and Sales Tax Rates

Last Ten Fiscal Years

Fiscal Year Ended June 30	Individual Income Tax	Corporate Income Tax	Retail Sales Tax
1980	5 - 7%	6%	4%
1981	5 - 7%	6%	4%
1982	5 - 7%	6%	4%
1983	5 - 7%	6%	4%
1984	5 - 7%	6%	5%
1985	2 - 7%	6%	5%
1986	2 - 7%	6%	5%
1987	3 7%	6%	5%
1988	3 - 7%	5.5%	5%
1989	3 - 7%	5%	5%

Source: The State Tax Commission.

Dr. Susan Roberts, associate professor of political science at Winthrop College, engages her class in a lively discussion on the campus lawn in front of historic Tillman Hall. Winthrop, one of South Carolina's oldest State-supported institutions, was established in 1887 and has a student body of more than 5,200 on its Rock Hill campus.

Net General Obligation Bonds and Notes Per Capita

Last Ten Fiscal Years

Fiscal Year Ended June 30	Population [a] (Thousands)	Gross Bonded Debt [b] (Thousands)	Debt Payable From Higher Education Funds (Thousands)	Net General Bonded Debt [c] (Thousands)	Net General Bonded Debt [c] Per Capita
1980	3,121	$557,577	$46,727	$510,850	$163.68
1981	3,187	601,185	33,910	567,275	178.00
1982	3,227	727,555	37,505	690,050	213.84
1983	3,264	600,295	34,670	565,625	173.29
1984	3,300	611,170	36,470	574,700	174.15
1985	3,333	626,645	31,620	595,025	178.53
1986	3,381	658,515	28,270	630,245	186.41
1987	3,425	693,270	28,030	665,240	194.23
1988	3,520	681,425	28,185	653,240	185.58
1989	3,571	709,165	25,925	683,240	191.33

[a] 1980-1984, South Carolina Statistical Abstract, 1985 Edition; 1985, 1988, and 1989, State Data Center, Research and Statistical Services Division, State Budget and Control Board; 1986-1987, State Budget and Control Board 1987 and 1988 South Carolina Economic Reports.

[b] Includes general obligation bonds payable and general obligation bond anticipation notes of both the General Long-Term Obligations Account Group and the Higher Education Funds.

[c] Net general bonded debt is the gross general bonded debt less the general obligation debt payable not expected to be repaid through general governmental resources (i.e. the debt payable from Higher Education Funds).

Note: Assessed value data is not presented because the State of South Carolina does not receive property tax revenue.

Computation of Legal Debt Margin

June 30, 1989
(Expressed in Thousands)

Section 57-11-240 of the South Carolina Code of Laws limits State highway bonds outstanding to $150 million. Likewise, Section 59-107-90 limits State institution bonds legally outstanding to $60 million.

Furthermore, Section 11-11-430 states: "The issuance of general obligation bonds of the State must be limited so that the maximum annual debt service on all general obligation bonds of the State (excluding highway bonds, State institution bonds, tax anticipation notes, and bond anticipation notes) may not exceed five percent of the general revenues of the State for the fiscal year next preceding (excluding revenues which are authorized to be pledged for State highway bonds and State institution bonds)."

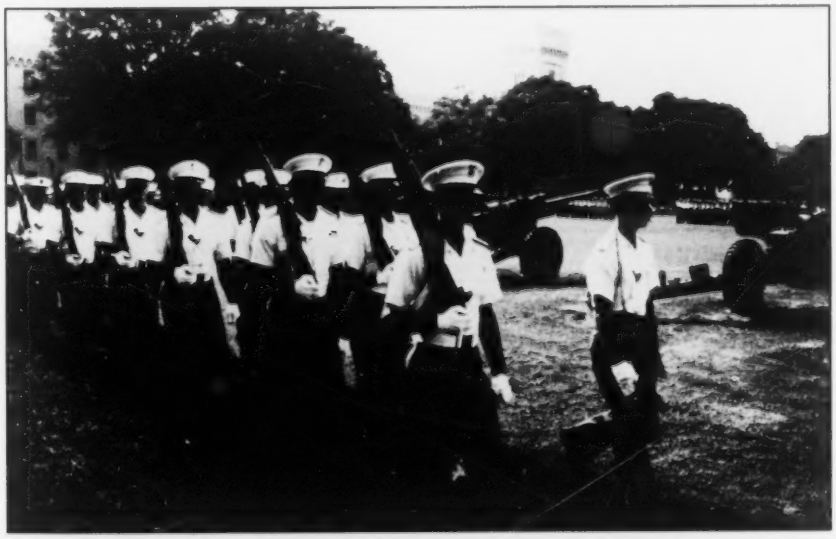
State highway bond limitation	$ 150,000
Less: State highway bonds outstanding at June 30, 1989	—
Legal debt margin at June 30, 1989--highway bonds	**$ 150,000**
State institution bond limitation	$ 60,000
Less: State institution bonds and notes outstanding at June 30, 1989	25,925
Legal debt margin at June 30, 1989--institution bonds	**$ 34,075**
1987-1988 Budgetary General Fund revenues (restated to exclude transfers)	$ 2,933,314
Less: 1987-1988 revenues pledged for highway and institution bonds	20,592
1987-1988 net Budgetary General Fund revenues	**$2,912,722**
5% of 1987-1988 net Budgetary General Fund revenues	$ 145,636
Less: 1988-1989 net Budgetary General Fund debt service for general obligation bonds excluding highway and institution bonds, tax anticipation notes, and bond anticipation notes	98,363
Legal debt service margin at June 30, 1989--general obligation bonds excluding highway and institution bonds and tax/bond anticipation notes	**$ 47,273**

Converse College enters its second century of service to women with its highest enrollment in the College's history. The Spartanburg institution also celebrates the arrival of Dr. Ellen Wood Hall, the College's sixth president and the first woman to serve as president of Converse.

Ratio of Annual Debt Service for General Obligation Bonds to Budgetary General Fund Expenditures

Last Ten Fiscal Years
(Expressed in Thousands)

For the Fiscal Year Ended June 30	Debt Service	Total Budgetary General Fund Expenditures	Ratio
1980	$78,552	$1,598,460	4.91%
1981	81,360	1,764,640	4.61%
1982	89,722	1,859,378	4.83%
1983	105,091	1,936,338	5.43%
1984	101,436	2,110,791	4.81%
1985	103,608	2,397,054	4.32%
1986	106,738	2,592,269	4.12%
1987	107,122	2,669,741	4.01%
1988	119,415	2,842,610	4.20%
1989	101,986	3,104,525	3.29%



It is its military environment which makes The Citadel a distinctive four-year liberal arts college. One of the oldest State-supported institutions, The Citadel has twice been ranked in a major national survey as being one of the nation's top ten comprehensive colleges and universities. It offers degrees in seventeen undergraduate majors and fifteen graduate level degrees, and women have been admitted to the Evening College and graduate programs since 1966.

Revenue Bond Coverage

Last Ten Fiscal Years
(Expressed in Thousands)

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

Fiscal Year Ended June 30	Gross Revenues	Direct Operating Expenses[b]	Net Revenue Available for Debt Service
1980	$182,894	$110,925	$ 71,969
1981	277,411	188,856	88,555
1982	368,297	226,885	141,412
1983	392,870	219,957	172,913
1984	407,950	238,139	169,811
1985	473,139	261,153	211,986
1986	487,146	263,131	224,015
1987	505,340	276,036	229,304
1988	516,599	290,324	226,275
1989	571,652	330,007	241,645

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY

Fiscal Year Ended June 30	Gross Revenues	Direct Operating Expenses[b]	Net Revenue Available for Debt Service
1980[a]	$ 22,514	$ 836	$ 21,678
1981[a]	23,319	1,622	21,697
1982	23,491	1,590	21,901
1983	36,335	6,187	30,148
1984	51,701	9,939	41,762
1985	68,728	12,891	55,837
1986	91,597	15,255	76,342
1987	83,269	14,946	68,323
1988	75,642	15,272	60,370
1989	69,673	4,758	64,915

SOUTH CAROLINA EDUCATION ASSISTANCE AUTHORITY

Fiscal Year Ended June 30	Gross Revenues	Direct Operating Expenses[b]	Net Revenue Available for Debt Service
1980	$ 3,227	$ 780	$ 2,447
1981	4,482	397	4,085
1982	6,351	883	5,468
1983	6,690	1,207	5,483
1984	12,424	2,106	10,318
1985	13,741	1,348	12,393
1986	13,179	2,053	11,126
1987	13,916	2,328	11,588
1988	14,387	3,436	10,951
1989	19,541	7,477	12,064

[a]Information presented for the year ended July 1.

[b]Excludes depreciation and interest expense.

Debt Service Requirements			Coverage Ratio
Principal	Interest	Total	
$ 2,590	$ 59,598	$ 62,188	1.16
3,680	75,629	79,309	1.12
5,570	123,563	129,133	1.10
6,305	162,553	168,858	1.02
7,795	160,259	168,054	1.01
9,060	159,634	168,694	1.26
10,500	150,224	160,724	1.39
27,630	144,190	171,820	1.33
33,995	138,675	172,670	1.31
31,390	134,908	166,298	1.45

Debt Service Requirements			Coverage Ratio
Principal	Interest	Total	
$ 405	$ 13,251	$ 13,656	1.59
3,985	16,274	20,259	1.07
8,150	16,060	24,210	0.90
7,530	25,412	32,942	0.92
7,660	35,351	43,011	0.97
13,774	46,647	60,421	0.92
24,726	63,818	88,544	0.86
19,730	60,505	80,235	0.85
10,075	53,435	63,510	0.95
10,125	55,412	65,537	0.99

Debt Service Requirements			Coverage Ratio
Principal	Interest	Total	
$ –	$ 1,226	$ 1,226	2.00
540	1,432	1,972	2.07
820	2,374	3,194	1.71
1,010	3,536	4,546	1.21
1,265	7,516	8,781	1.18
1,785	7,450	9,235	1.34
2,530	7,974	10,504	1.06
20,650	6,965	27,615	0.42
9,815	5,655	15,470	0.71
7,330	7,477	14,807	0.81

Demographic Statistics

Last Ten Years

Year	Population[a] at June 30	Per Capita Income[b] at December 31	Median Age[c] (Years) at June 30	School Enrollment[d] at June 30	Unemployment Rate[e] at December 31
1979	3,087,000	$6,889	27.8	654,833	5.0%
1980	3,121,000	7,589	28.2	648,319	6.9%
1981	3,186,500	8,374	28.7	642,015	8.4%
1982	3,227,000	8,710	29.2	633,682	10.8%
1983	3,264,000	9,323	29.6	673,871	10.1%
1984	3,300,000	10,157	30.1	669,809	7.1%
1985	3,333,000	10,734	29.8	668,985	6.9%
1986	3,381,000	11,313	30.1	670,980	6.2%
1987	3,425,000	12,027	30.6	672,943	5.6%
1988	3,520,000	12,764	31.0	676,847	4.5%
1989	3,571,000	[f]	31.4	678,050	[f]

Sources:

[a] 1980-1984, South Carolina Statistical Abstract, 1985 Edition; 1985, 1988, and 1989, State Data Center, Research and Statistical Services Division, State Budget and Control Board; 1986-1987, State Budget and Control Board 1987 and 1988 South Carolina Economic Reports.

[b] State Data Center, Research and Statistical Services Division, State Budget and Control Board.

[c] State Data Center, Research and Statistical Services Division, State Budget and Control Board.

[d] South Carolina Department of Education.

[e] South Carolina Employment Security Commission.

[f] Not yet available.

Property Value[a], Construction, and Bank Deposits

Last Ten Years
(Dollars in Millions)

Year	Nonresidential Construction		Residential Construction		Bank Deposits at December 31	Property Value[a]	
	Number of Units at December 31	Value at December 31	Number of Units at December 31	Value at December 31		Nonresidental at June 30	Residential at June 30
1979	5,491	$488	31,762	$ 859	$11,400	[c]	[c]
1980	5,753	407	28,235	783	12,397	[c]	[c]
1981	6,347	375	24,920	748	13,331	[c]	[c]
1982	6,264	478	21,720	676	15,091	[c]	[c]
1983	7,588	419	35,322	1,184	16,992	[c]	[c]
1984	8,512	617	45,003	1,573	19,061	$23,339	$24,748
1985	6,744	659	44,190	1,592	20,868	24,879	25,754
1986	6,761	743	40,390	1,581	22,907	25,915	27,149
1987	7,283	835	26,991[b]	1,489	23,765	28,364	29,114
1988	6,926	763	25,563	1,438	26,104	34,127	31,241
1989	[d]	[d]	[d]	[d]	[d]	34,936	33,869

[a] Property taxes do not represent a source of revenue for the State. The value reported here is fair market value at the date of tax assessment.

[b] Beginning with 1987, the number of mobile home permits is not reported.

[c] The State began compiling this data on a statewide basis in 1984 in connection with the passage of the State Education Finance Act. For earlier years, this data was maintained only by the forty-six county governments.

[d] Not yet available.

Sources: 1989 South Carolina Economic Report, State Budget and Control Board; State Tax Commission.

Largest Manufacturing Plants[a]

June 30, 1989

Name	Location
Westinghouse--Savannah River Co.	Aiken
Charleston Naval Shipyard	North Charleston
E. I. Du Pont de Nemours & Co.	Lugoff
Kemet Electronics Corporation	Simpsonville
Hoechst Celanese Corporation	Spartanburg
Sonoco Products Company	Hartsville
Springs Industries Inc.	Lyman
Stone-Elkay	Greenville
A. V. X. Corporation	Myrtle Beach
Bosch Corporation--Automotive Group	North Charleston
Michelin Tire Corporation	Greenville
Clinton Mills, Inc.	Clinton
Stouffer Foods Corporation	Gaffney
Roper Outdoor Power Equipment	Orangeburg
Hoechst Celanese Corporation	Rock Hill

[a] Based on number of employees.

Source: 1989 South Carolina Industrial Directory, provided to the Comptroller General's Office by the South Carolina Development Board.

Miscellaneous Statistics

December 31, 1988 (Except as Noted)

Date of ratification--U. S. Constitution	1788 [a]
Form of government	Legislative-Executive-Judicial
Miles of State highways	63,702 [b]
Land area (square miles)	30,203 [c]
State police protection:	
Police and sheriff districts	221 [d]
Total number of sworn officers	6,973 [d]
Higher education (universities, colleges, and technical education centers):	
Number of campuses	64 [e]
Number of students	145,690 [e]
Recreation:	
Number of State parks and historical sites	56 [f]
Area of State parks	79,258 acres [f]
Area of forests	76,650 acres [g]
State Employees -- all funds (at June 30, 1989)	68,397 [h]

Sources:

[a] 1988 Legislative Manual.

[b] Department of Highways and Public Transportation.

[c] State Data Center.

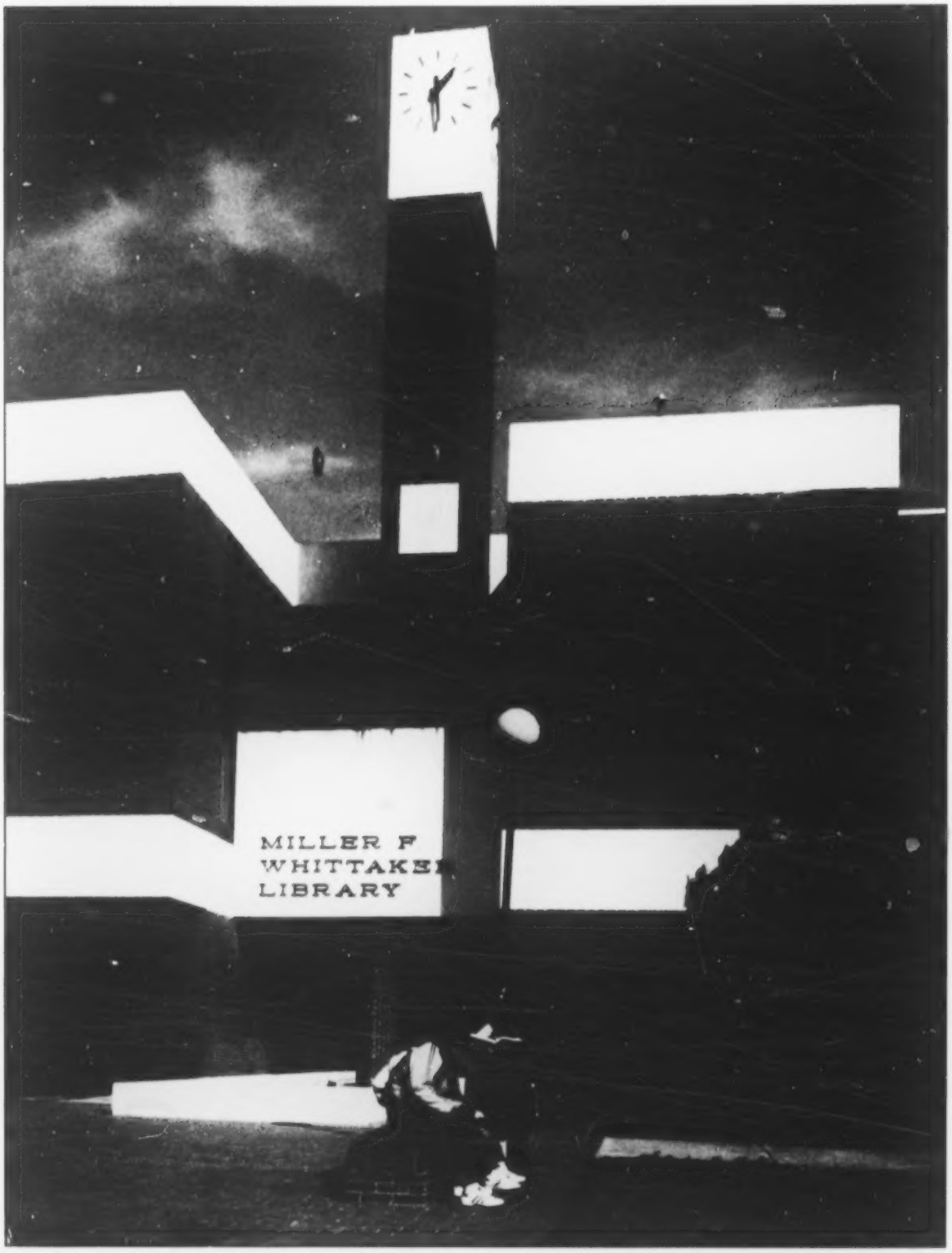
[d] State Law Enforcement Division.

[e] Commission on Higher Education.

[f] Department of Parks, Recreation, and Tourism.

[g] Forestry Commission.

[h] Budget and Control Board, Budget Division.



The South Carolina State College library was named in honor of president Miller F. Whittaker, president of the Orangeburg institution from 1932 until 1949.

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